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U.S. Interstate Commerce Commission
Title:
Consolidation of railroads

Place:
[Washington, D.C.]
Date:
1929

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U. S. *Interstate commerce commission.*

... Consolidation of railroads. In the matter of consolidation of the railway properties of the United States into a limited number of systems. [Washington] U. S. Govt. print. off., 1929.

cover-title, p. 522–589. 23cm. (159 I. C. C.)

At head of title: Interstate commerce commission. No. 12964. Dated December 9, 1929.

1. Railroads—Consolidation. 2. Railroads—U. S. I. Title.

A 30–73

Title from Bureau of Railway Economics HE1828.A2A2 1929e Printed by L. C.

[3]

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INTERSTATE COMMERCE COMMISSION

No. 12964

CONSOLIDATION OF RAILROADS

IN THE MATTER OF CONSOLIDATION OF THE RAILWAY PROPERTIES OF THE UNITED STATES INTO A LIMITED NUMBER OF SYSTEMS

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INTERSTATE COMMERCE COMMISSION

No. 12964

CONSOLIDATION OF RAILROADS

IN THE MATTER OF CONSOLIDATION OF THE RAILWAY PROPERTIES OF THE UNITED STATES INTO A LIMITED NUMBER OF SYSTEMS

December 9, 1929

Pursuant to section 5 of the interstate commerce act, plan adopted for consolidation of the railway properties of continental United States into a limited number of systems as stated in the report.

PLAN OF THE COMMISSION

BY THE COMMISSION:

The commission having, on August 3, 1921, agreed upon and issued a tentative plan of the consolidation of the railway properties of the continental United States, and having given the same due publicity and notice, including notice thereof to the governor of each State, also notice of hearings to be held by the commission relative to said tentative plan, and having in pursuance of said notices, at various times and places, proceeded to hear all persons who filed or presented objections thereto, together with any and all persons making known their desire to be heard, and said hearings having been fully concluded and the record closed, the commission does now proceed to prepare and adopt a plan as hereinafter set out for such consolidation of the railway properties of the continental United States into a limited number of systems, all as required by section 5 (4) and (5) of the interstate commerce act.

Our plan does not at present contain a complete allocation of terminal properties to individual trunk lines. Generally speaking, the terminal railroad properties, wherever located, automatically fall into the aggregation of terminal properties of which they are a part. We think that consolidations should be accompanied by the unification of all terminal lines in the respective terminals. All terminal properties should be thrown open to all users on fair and equal terms so that every industry on whatever rails located shall have access to all lines radiating from that terminal, and every line carrier reaching that terminal shall similarly have access to all terminal tracks within the terminal area. As our reports show, for years access to terminals has raised questions associated with such terms as reciprocal switching, absorption of switching charges, switching of competitive traffic,

favored zones, and switching of noncompetitive traffic, and with unjust discriminations and undue preferences. The unification of terminal properties everywhere should put an end to disputes of this character to the advantage alike of all railroads and all users of railroads. In the interest of efficient and economical operation and the free movement of traffic, restrictions in service and discrimination in charges which have arisen from differences in local terminal situations should cease to be a feature of railroad operation.

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The cases which have been brought to our attention from time to time during past years, referred to above, show wide variations in the conditions attendant upon terminal operations in different cities. A complete survey embracing all terminals would no doubt show still greater variety than that indicated by these cases. In the face of such a great variety in circumstances and conditions, it is impracticable to prescribe in advance a universal rule for terminal railroad unification and operation. Each terminal and the properties serving it must be studied in the light of its particular facts and a practical solution worked out with due regard to the property and other rights of all owners and users. This is the duty in the first instance of the carriers serving each terminal. We expect to deal with these situations to the extent that they are connected with respective applicants when we shall have occasion to consider particular applications to consolidate, and therefore refrain from allocating in the present plan the various terminal properties not specifically mentioned herein. For present purposes they may be treated as independent systems, subject to later grouping as shown to be in the public interest.

Under the act any plan of consolidation which may be adopted shall preserve competition as fully as possible. In order that the systems herein proposed, or any others that may be formed, may properly perform the functions intended by Congress and that competition may be preserved as required, they must be independent in fact as well as in name. The continuation or acquisition of intersystem interests directly or indirectly through holding companies, stock ownership, or otherwise, will be inconsistent with the independence necessary to true competition. Carriers will, therefore, be expected to observe this requirement in submitting proposals for consolidations and to cooperate in establishing the desired status.

In order to fully effectuate the purposes of the plan, certain trackage rights will be necessary between the systems, and we have indicated under each system the principal instances of this kind.

Wherever in this report a railway property is named, unless an exception is specifically named, it is intended to and shall be understood as including all subsidiary owned, controlled, leased, or operated lines.

We are making no suggestions regarding municipal or other publicly owned railroads. Any of such roads that desire to have us give them consideration may make representations in their own behalf in connection with applications affecting terminals or other consolidations when the same may be presented to us. For present purposes we are listing them as independent systems.

We have not specifically mentioned water carriers. Where these carriers are now controlled by carriers by rail they will be considered as being included in the systems in which the controlling rail carrier has been included.

In a matter of this magnitude in scope and complexity in detail, even after the most careful study and the fullest and freest interchange of views by those charged with the duty of preparing this plan, there must remain many differences of opinion as to the several component parts, both large and small, comprised in the final result. Such is here the case. While a clear majority of us, although not always the same majority, have agreed as to each part of the plan proposed, not all of us have agreed as to all its parts, but all concur in the result. Some of us deem it helpful now to express individual views as to parts of the plan. Others feel that their individual expressions may usefully be deferred until the time for action looking toward the ultimate effectuation of actual consolidations as provided by the act. Section 5 (5) provides that after we have adopted a plan, as we here do, we may, either upon our own motion or upon application, reopen the matter for such changes or modifications as in our judgment will promote the public interest. Such applications will afford opportunity for further consideration upon adequate and recent records of the various parts of the plan.

We find and adopt the following plan for the consolidation of railway properties of the continental United States into a limited number of systems:

System No. 1—Boston and Maine

Boston and Maine Railroad.
The Delaware and Hudson Company.
Bangor and Aroostook Railroad Company.
Maine Central Railroad Company.
The St. Johnsbury and Lake Champlain Railroad Company
Rutland Railroad Company—O. & L. C. Division, Rouses Point to Ogdensburg.
Montpelier & Wells River Railroad.
Wilkes Barre Connecting Railroad Company (undivided one-half interest).
Monson Railroad Company.
Kennebec Central Railroad Company.

Knox Railroad Company.
Wiscasset, Waterville & Farmington Railroad Company.
Lime Rock Railroad Company.
Hoosac Tunnel and Wilmington Railroad Company.
Suncook Valley Railroad.
Berlin Mills Railroad Company.
Middleburgh and Schoharie Rail Road.
Hardwick and Woodbury Railroad Company.
Barre and Chelsea Railroad Company.
Bridgton and Saco Railroad Company.
Sandy River and Rangeley Lake Railroad.
Boston, Revere Beach and Lynn Railroad Company.
Troy Union Railroad Company (undivided two-thirds interest).
Mt. Washington Railway Company.
The Clarendon and Pittsford Railroad Company (undivided one-half interest).
Woodstock Railway Company (undivided one-half interest).
Lake Champlain and Moriah Rail Road Company.

System No. 2—New Haven

The New York, New Haven and Hartford Railroad Company.
New York, Ontario and Western Railway Company.
The New York Connecting Rail Road Company (undivided one-interest).
The Lehigh and Hudson River Railway Company.
Lehigh and New England Railroad Company.
South Manchester Railroad Company.
Fore River Railroad Corporation.
Moshassuck Valley Railroad Company.
The Narragansett Pier Railroad Company.
Wood River Branch Railroad Company.
Grafton and Upton Railroad Company (undivided one-half interest).

System No. 3—New York Central

The New York Central Railroad Company, including:
Boston and Albany Railroad.
The Michigan Central Railroad Company.
The Cleveland, Cincinnati, Chicago and St. Louis Railroad Company.
The Cincinnati Northern Railroad Company.
The Pittsburgh and Lake Erie Railroad Company.
Evansville, Indianapolis and Terre Haute Railway Company
and:

The Virginian Railway Company.
The Ulster and Delaware Railroad Company.
Rutland Railroad Company, except O. & L. C. Division.
Boyne City, Gaylord and Alpena Railroad Company.
Bristol Railroad Company.
The Clarendon and Pittsford Railroad Company (undivided one-half interest).
Grafton and Upton Railroad Company.
Chicago, Attica and Southern Railroad Company.
The Federal Valley Railroad Company.
Fonda, Johnstown and Gloversville Railroad Company.
Glenfield and Western Railroad Company.
Grasse River Railroad Corporation.
Lake Erie, Franklin and Clarion Railroad Company.
The Lakeside and Marblehead Railroad Company.
The Lowville and Beaver River Railroad Company.
The Marcellus and Otisco Company, Inc.
Norwood and St. Lawrence Railroad Company.
Skaneateles Railroad Company.
Dexter and Northern Railroad Company.
Campbell's Creek Railroad Company.
Kelley's Creek and Northwestern Railroad Company.
Kelley's Creek Railroad Company.
The Lorain and Southern Railroad Company.
Fulton Chain Railway Company.
Cambria and Indiana Railroad Company (undivided one-third interest).
Central Indiana Railway Company (undivided one-half interest).
Cherry Tree and Dixonville Railroad Company (undivided one-half interest).
The Fairport, Painesville and Eastern Railroad Company (undivided one-third interest).
Genessee and Wyoming Railroad Company (undivided one-fifth interest).
Lake Erie and Pittsburg Railway Company (undivided one-half interest).
The Lake Terminal Railroad Company (undivided one-fourth interest).
Muncie and Western Railroad Company (undivided one-third interest).
McKeesport Connecting Railroad Company (undivided one-third interest).
Beaver Valley Railroad Company (undivided one-half interest).
Indiana Northern Railway Company (undivided one-fourth interest).

The Lake Erie and Fort Wayne Railroad Company (undivided one-third interest).
South Buffalo Railway Company (undivided one-sixth interest).
Troy Union Railroad Company (undivided one-third interest).
The Owasco River Railway.
The Monongahela Railway Company (undivided one-third interest).
Pittsburgh, Chartiers & Youghiogheny Railway Company (undivided one-half interest).
Half interest in line of Virginian between Gilbert and Mullens, W. Va.

System No. 4.—Pennsylvania

The Pennsylvania Railroad Company.
The Long Island Rail Road Company.
West Jersey and Seashore Railroad Company.
Baltimore, Chesapeake and Atlantic Railway Company.
Wilkes Barre Connecting Railroad Company (undivided one-half interest).
The New York Connecting Rail Road Company (undivided one-half interest).
The New York and Long Branch Railroad Company (undivided one-half interest).
Arcade and Attica Railroad Corporation.
Bellefonte Central Railroad Company.
Coudersport and Port Alleghany Railroad Company.
The East Broadtop Railroad and Coal Company.
Hickory Valley Railroad Company.
The Huntington and Broad Top Mountain Railroad and Coal Company.
Kane and Elk Railroad Company.
Kishkacoquillas Valley Railroad Company.
Ligonier Valley Railroad Company.
Marion Railway Corporation.
Maryland and Delaware Coast Railway Company.
The Pittsburgh, Lisbon and Western Railroad Company.
The Pittsburgh and Susquehanna Railroad Company.
Sheffield and Tionesta Railway Company.
Youngstown and Ohio River Railroad Company.
The Stewardstown Railroad Company.
Strasburg Railroad Company.
Susquehanna River and Western Railroad Company.
Tuscarora Valley Railroad Company.
The Washington, Brandywine and Point Lookout Railroad Company.
The Winfield Railroad Company.

Dents Run Railroad Company.
Donora Southern Railroad Company.
Alliquippa and Southern Railroad Company.
Chesapeake Beach Railway Company.
Pennsylania & Atlantic Railroad Company.
Scootac Railway Company.
The Monongahela Railway Company (undivided one-third interest).
Cambria and Indiana Railroad Company (undivided one-third interest).
Central Indiana Railroad Company (undivided one-half interest).
Cherry Tree and Dixonville Railroad Company (undivided one-half interest).
Cumberland and Pennsylvania Railroad Company (undivided one-third interest).
Wilkes Barre Connecting Railroad Company (undivided one-half interest).
Genessee and Wyoming Railroad Company (undivided one-fifth interest).
Lake Erie and Pittsburg Railway Company (undivided one-half interest).
Muncie and Western Railroad Company (undivided one-third interest).
Etna and Montrose Railroad Company (undivided one-half interest).
Johnstown and Stony Creek Rail Road (undivided one-half interest).
McKeesport Connecting Railroad Company (undivided one-third interest).
New Haven and Dunbar Railroad Company (undivided one-half interest).
Beaver Valley Railroad Company (undivided one-half interest).
Conemaugh and Black Lick Railroad Company (undivided one-half interest).
Steelton and Highspire Railroad Company (undivided one-half interest).
Indiana Northern Railway Company (undivided one-fourth interest).
Lake Erie and Fort Wayne Railroad Company (undivided one-third interest).
Patapsco and Back Rivers Railroad Company (undivided one-third interest).
Benwood and Wheeling Connecting Railway Company (undivided one-third interest).
South Buffalo Railway Company (undivided one-sixth interest).
Baltimore and Eastern Railroad Company.
The Ohio River and Western Railway Company.
Western Allegheny Railroad Company.

Pittsburgh, Chartiers & Youghiogheny Railway Company (undivided one-half interest).

System No. 5—Baltimore & Ohio

The Baltimore and Ohio Railroad Company.
Reading Company.
The Central Railroad Company of New Jersey.
Buffalo and Susquehanna Railroad Corporation.
Atlantic City Railroad Company.
The Staten Island Rapid Transit Railway Company.
Perkiomen Railroad Company.
Port Reading Railroad Company.
The Chicago and Alton Railroad Company.
Buffalo, Rochester and Pittsburgh Railway Company.
Detroit, Toledo and Ironton Railroad Company (undivided one-half interest).
The Detroit and Toledo Shore Line Railroad Company (undivided one-half interest).
Chicago, Indianapolis and Louisville Railway Company (undivided one-half interest).
Trackage rights over Western Maryland between Shippensburg, Pa. and Cherry Run, W. Va.
The Sharpsville Railroad Company.
Castleman River Railroad Company.
Chestnut Ridge Railway Company.
Cornwall Railroad Company.
The Kansas and Sidell Railroad Company.
Maryland and Pennsylvania Railroad Company.
Mount Hope Mineral Railroad Company.
Mount Jewett, Kinzue and Riterville Railroad Company.
The New York and Long Branch Railroad Company (undivided one-half interest).
Quakertown and Bethlehem Railroad Company.
Rahway Valley Company.
Raritan River Rail Road Company.
Stone Harbor Railroad Company.
The Tuckerton Railroad Company.
Philadelphia and Beach Haven Railroad Company.
The Ursina and North Fork Railway Company.
Upper Merion and Plymouth Railroad Company.
The Valley Railroad Company.
Washington Run Railroad Company.
West Virginia Northern Railroad Company.
Wharton and Northern Railroad Company.

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Wildwood and Delaware Bay Short Line Railroad Company.
The Yale Short Line Railroad Company.
Preston Railroad Company.
The Buffalo Creek and Gauley Railroad Company.
Rowlesburg and Southern Railroad Company.
Strouds Creek and Muddlety Railroad Company.
West Virginia Midland Railway Company.
Winchester and Western Railroad Company.
The Brownstone and Middletown Railroad Company.
Tionesta Valley Railway Company.
The Monongahela Railway Company (undivided one-third interest).
Cambria and Indiana Railroad Company (undivided one-third interest).
Cumberland and Pennsylvania Railroad Company (undivided one-third interest).
The Fairport, Painesville and Eastern Railroad Company (undivided one-third interest).
Genessee and Wyoming Railroad Company (undivided one-fifth interest).
The Ironton Railroad Company (undivided one-half interest).
Northampton and Bath Railroad Company (undivided one-half interest).
The Lake Terminal Railroad Company (undivided one-fourth interest).
Etna and Montrose Railroad Company (undivided one-half interest).
Johnstown and Stony Creek Rail Road (undivided one-half interest).
McKeesport Connecting Railroad Company (undivided one-third interest).
New Haven and Dunbar Railroad Company (undivided one-half interest).
Conemaugh and Black Lick Railroad Company (undivided one-half interest).
Steelton and Highspire Railroad Company (undivided one-half interest).
Patapsco and Back Rivers Railroad Company (undivided one-third interest).
Benwood and Wheeling Connecting Railway Company (undivided one-third interest).
Philadelphia, Bethlehem and New England Railroad Company (undivided one-half interest).
South Buffalo Railway Company (undivided one-sixth interest).

System No. 6—Chesapeake & Ohio-Nickel Plate

The Chesapeake and Ohio Railway Company (excluding Chesapeake and Ohio Railway Company of Indiana).
The Hocking Valley Railroad Company.
Pere Marquette Railway Company.
Erie Railroad Company (including Chicago and Erie Railroad Company, New York, Susquehanna and Western Railroad Company, and New Jersey and New York Railroad Company).
The Delaware, Lackawanna and Western Railroad Company.
The New York, Chicago, and St. Louis Railroad Company.
Bessemer and Lake Erie Railroad Company.
The Pittsburg and Shawmut Railroad Company.
Chicago and Illinois Midland Railway Company.
Jacksonville and Havana Railroad Company.
Chicago, Springfield and St. Louis Railway Company.
Alton and Eastern Railroad Company.
The Detroit and Toledo Shore Line Railroad Company (undivided one-half interest).
Also the following trackage rights:
Over the Baltimore and Ohio from Dayton, Ohio, to Hamilton and Cincinnati, Ohio, and Indianapolis, Ind.
Over the Southern from Orange, Va., to Potomac Yards, Va.
Over the Cleveland, Cincinnati, Chicago, and St. Louis, and Baltimore and Ohio, from Rushville, Ind., to Louisville, Ky.
Over the Louisville and Nashville from Lexington, Ky., to Louisville.
Arcadia and Betsey River Railway Company.
The Dansville and Mount Morris Railroad Company.
Delaware Valley Railway Company.
Detroit and Mackinac Railway Company.
Detroit, Caro and Sandusky Railway Company.
East Jordan and Southern Railroad Company.
Manistee and North-Eastern Railroad Company.
Middletown and Unionville Railroad Company.
Morristown and Erie Railroad Company.
New York and Pennsylvania Railroad Company.
Port Huron and Detroit Railroad Company.
Prattsburg Railway Corporation.
Sterling Mountain Railway Company.
Unadilla Valley Railway Company.
Unity Railways Company.
West Pittston-Exeter Railroad Company.
The Kanawha Central Railway Company.

Winifrede Railroad Company.
Kanawha, Glen Jean and Eastern Railroad Company.
Ludington and Northern Railway.
The Euclid Railroad Company.
East Kentucky Southern Railway Company.
Brooksville and Ohio River Railroad Company.
Big Sandy and Kentucky River Railway Company.
Morehead and North Fork Railroad Company.
Nelson and Albermarle Railroad Company.
Virginia Central Railway.
Half interest in line of Virginian between Gilbert and Mullens, W. Va.
The Buffalo Creek Railroad Company (undivided one-half interest).
The Fairport, Painesville and Eastern Railroad Company (undivided one-third interest).
Genessee and Wyoming Railroad Company (undivided one-fifth interest).
Northampton and Bath Railroad Company (undivided one-half interest).
The Lake Terminal Railroad Company (undivided one-fourth interest).
Muncie and Western Railroad Company (undivided one-third interest).
Lake Erie and Fort Wayne Railroad Company (undivided one-third interest).
South Buffalo Railway Company (undivided one-sixth interest).

System No. 7—Wabash–Seaboard

Wabash Railroad Company.
Lehigh Valley Railroad Company.
The Wheeling and Lake Erie Railway Company.
The Pittsburgh and West Virginia Railway Company.
Western Maryland Railway Company.
The Akron, Canton and Youngstown Railway Company.
Toledo, Peoria and Western Railroad.
The Ann Arbor Railroad Company.
Chesapeake and Ohio Railway Company of Indiana.
New Jersey, Indiana and Illinois Railroad Company.
Manistique and Lake Superior Railroad Company.
Norfolk and Western Railway Company.
Seaboard Air Line Railway Company.
Detroit, Toledo and Ironton Railroad Company (undivided one-half interest).

Also the following trackage rights:
Over the Pennsylvania from Logansport to Effner, Ind.
Over the Grand Trunk Western, Ashley to Muskegon, Mich.
Over the Reading between Shippensburg and Harrisburg, Pa.
Over the Pennsylvania from Harrisburg to Rockville, Pa.
Over the Reading from Rockville to Blackwood, Pa.
Over the Reading from South Bethlehem to Philadelphia, Pa.
Over the Pennsylvania from Delphos, Ohio, to Fort Wayne, Ind.
The Chaffee Railroad Company.
East Berlin Railroad Company.
Emmitsburg Railroad Company.
Susquehanna and New York Railroad Company.
Williamsport and North Branch Railway Company.
Chesapeake Western Railway.
Valley River Railroad.
Big Sandy and Cumberland Railroad Company.
Franklin and Pittsylvania Railway Company.
Marion and Rye Valley Railway Company.
Virginia Southern Railroad Company.
Cumberland and Pennsylvania Railroad Company (undivided one-third interest).
The Buffalo Creek Railroad Company (undivided one-half interest).
Genessee and Wyoming Railroad Company (undivided one-fifth interest).
The Ironton Railroad Company (undivided one-half interest).
The Lake Terminal Railroad Company (undivided one-fourth interest).
Patapsco and Back Rivers Railroad Company (undivided one-third interest).
Benwood and Wheeling Connecting Railway Company (undivided one-third interest).
Philadelphia, Bethlehem and New England Railroad Company (undivided one-half interest).
South Buffalo Railway Company (undivided one-sixth interest).
Aberdeen and Rockfish Railroad Company.
Bennettsville and Cheraw Railroad Company.
Birmingham and Southeastern Railroad Company.
Buffalo, Union-Carolina Railroad.
Cape Fear Railways Inc.
Cliffside Railroad Company.
Carolina and Northeastern Railroad Company.
Durham and Southern Railway Company.
Edgemoor and Manetta Railway.
Piedmont and Northern Railway Company.

The Georgia Southwestern and Gulf Railroad Company.
Greenville and Northern Railway Company.
High Point, Thomasville and Denton Railroad Company.
Lawndale Railway and Industrial Company.
Macon, Dublin and Savannah Railroad Company.
Maxton, Alma and Southbound Railroad Company.
Moore Central Railway Company.
St. Marys Railroad Company.
Atlantic and Yadkin Railway Company.
The Townsville Railroad Company.
Virginia Southern Railroad Company.
Warrenton Rail Road Company.
McRay Terminal Railway.
Tampa Northern Railroad Company.
Interstate Railroad Company (undivided one-half interest).
Chatham Terminal Company (undivided one-half interest).
Winston-Salem Southbound Railway Company (undivided one-half interest).
St. Louis and Hannibal Railroad Company.

System No. 8—Atlantic Coast Line

Atlantic Coast Line Railroad Company.
Louisville and Nashville Railroad Company.
The Nashville, Chattanooga and St. Louis Railway.
Clinchfield Railroad Company.
Atlanta, Birmingham and Coast Railroad Company.
Gulf, Mobile and Northern Railroad Company.
New Orleans Great Northern Railroad Company.
Chicago, Indianapolis and Louisville Railway Company (undivided one-fourth interest).
Winston-Salem Southbound Railway Company (undivided one-half interest).
Alabama and Western Florida Railroad Company.
Alabama, Floridan and Gulf Railroad Company.
Alcolu Railroad Company.
Apalachicola Northern Railroad Company.
Artemus-Jellico Railroad Company.
Ashland Railway Company.
Atlantic and Carolina Railroad Company.
Charleston and Western Carolina Railway Company.
Columbia, Newberry and Laurens Railroad Company.
Elberton and Eastern Railroad Company.
Live Oak, Perry and Gulf Railroad Company.
Rockingham Railroad Company.

Virginia and Carolina Southern Railroad Company.
Beaufort County Lumber Company Railroad.
Black Mountain Railway Company.
Bonhomie and Hattiesburg Southern Railroad Company.
The Carolina Southern Railway Company.
Carolina Western Railroad.
Carrolton and Worthville Railroad Company.
Chattahoochee Valley Railway Company.
East Carolina Railway.
Flemingsburg and Northern Railroad Company.
Hampton and Branchville Railroad Company.
Kentucky, Rockcastle and Cumberland Railroad Company.
Laurinburg and Southern Railroad Company.
The Mammoth Cave Railroad Company.
Manistee and Repton Railroad Company, Inc.
The Marianna and Blountstown Railroad Company.
Milstead Railroad Company.
Lakeland Railway.
Mississippi and Western Railroad Company.
Mississippi Central Railroad Company.
Mississippi Export Railroad Company.
Mountain Central Railway Company.
Nashville and Atlantic Railroad Company.
Northwestern Railroad Company of South Carolina.
Norton and Northern Railway.
Ohio and Kentucky Railway Company.
Roaring Fork Railroad Company.
Rockcastle River Railway Company.
Savannah and Atlanta Railway.
Tennessee, Alabama and Georgia Railway.
The Tuskegee Railroad Company.
Washington and Lincolnton Railroad Company.
Wilmington, Brunswick and Southern Railroad Company.
Belt Line Railway Company.
Savannah River Terminal Company.
Port St. Joe Dock and Terminal Railway Company.

System No. 9.—Southern

Southern Railway Company (excluding Mobile and Ohio Railroad Co.).
Norfolk Southern Railroad Company.
Tennessee Central Railway Company (portion Nashville to Harriman.)
Florida East Coast Railway Company.

Chicago, Indianapolis and Louisville Railway Company (undivided one-fourth interest).
Alabama and Northwestern Railroad Company.
Appalachian Railway Company.
Atlantic and Western Railroad Company.
Augusta Northern Railway.
Bamberg, Ehrhardt and Walterboro Railway Company.
Carolina and Northwestern Railway Company.
Dover and South Bound Railroad Company.
Due West Railway.
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Virginia Blue Ridge Railway.
Ware Shoals Railroad Company.
Cincinnati, Burnside and Cumberland River Railway Company.
Ferdinand Railroad Company.
Louisville, New Albany and Corydon Railroad Company.
Interstate Railroad Company (undivided one-half interest).

System No. 10.—Illinois Central

Illinois Central Railroad Company.
Gulf and Ship Island Railroad Company.
The Yazoo and Mississippi Valley Railroad Company.

Batesville Southwestern Railroad.
Central of Georgia Railway Company.
Louisville and Wadley Railroad Company.
Sylvania Central Railway Company.
Wadley Southern Railway Company.
Wrightsville and Tennille Railroad Company.
The Minneapolis and St. Louis Railroad Company.
Tennessee Central Railway Company (Nashville to Hopkinsville).
St. Louis Southwestern Railway Company.
St. Louis Southwestern Railway Company of Texas.
Louisiana Railway and Navigation Company of Texas.
Atlanta and Saint Andrews Bay Railway Company.
Bowdon Railway Company.
Cadiz Railroad Company.
Canton and Carthage Railroad Company.
Collins and Glenville Railroad.
Fernwood, Columbia and Gulf Railroad Company.
Flint River and Northeastern Railroad Company.
The Georgia Northern Railway Company.
Garyville Northern Railroad Company.
Georgia, Asburn, Sylvester and Camilla Railway Company.
Mississippi and Skuna Valley Railroad Company.
Mississippi Southern Railroad.
The Natchez, Columbia and Mobile Railroad Company.
New Orleans, Natalbany and Natchez Railway Company.
Sandersville Railroad Company.
Shearwood Railway Company.
Smithonia and Dunlap Railroad Company.
Talbotton Railroad Company.
Kosciosko and South Eastern Rail Road Co.
Chatham Terminal Company (undivided one-half interest).
Blytheville, Leachville and Arkansas Southern Railroad Company.
Deering Southwestern Railway.
Fordyce and Princeton R. R. Co.
Gideon and North Island Railroad Company.
Jefferson and Northwestern Railway Company.
The Louisiana and North West Railway Company.
Paris and Mt. Pleasant Railroad Co.
Shreveport, Houston and Gulf Railroad Company.
Tremont and Gulf Railway Company.
The La Salle and Bureau County Railroad Company.

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No. 11.—Chicago and North Western

Chicago and North Western Railway Company.
Chicago, St. Paul, Minneapolis and Omaha Railway Company.
Chicago and Eastern Illinois Railway Company.
Mobile and Ohio Railroad Company.
Columbus and Greenville Railway Company.
Lake Superior and Ishpeming Railroad Company.
Cazenovia Southern Railroad Company.
Hillsboro and North-Eastern Railway Company.
Mineral Point and Northern Railway Company.
The North and South Railway Company.
Superior and Southeastern Railway Company.
Sioux City Bridge Company.
Northwestern Coal Railway Company.
Alabama Central Railway.
Birmingham, Selma and Mobile Railroad Company.
DeKalb and Western Railroad Company.
Mississippi and Alabama Railroad Company.
Mississippi Eastern Railroad Company.
Jefferson Southwestern Railroad Company.
Litchfield and Madison Railway Company.

System No. 12.—Great Northern-Northern Pacific

Great Northern Railway Company.
Northern Pacific Railway Company.
Farmers Grain and Shipping Company.
Minnesota and International Railway Company.
Gilmore and Pittsburgh Railroad Company, Ltd.
Spokane, Portland and Seattle Railway Company.
Oregon Trunk Railway.
Oregon Electric Railway Company.
United Railways Company.
Butte, Anaconda and Pacific Railway Company (undivided one-half interest).
Gales Creek and Wilson River Railroad Company.
Hartford Eastern Railway Company.
Hill City Railway Company.
Minneapolis and Rainy River Railway Company.
Minneapolis, Red Lake and Manitoba Railway Company.
Minnesota, Dakota and Western Railway Company.
Montana Western Railway Co.
Montana, Wyoming and Southern Railroad Company.
Puget Sound and Cascade Railway Company.

The Waterville Railway Company.
Washington Western Railway Company.
Camas Prairie Railroad Company (undivided one-half interest).
Cowlitz, Chehalis and Cascade Railway (undivided one-third interest).
Newaukum Valley Railroad Company (undivided one-third interest).
Craig Mountain Railway Company (undivided one-half interest).
Duluth and Northeastern Railroad Company (undivided one-half interest).
Longview, Portland and Northern Railway Company (undivided one-half interest).
Nezperce and Idaho Railroad Company (undivided one-half interest).
Oregon, California and Eastern Railway Company (undivided one-half interest).
Washington, Idaho and Montana Railway Company (undivided one-half interest).
Columbia and Cowlitz Railway Company.

System No. 13.—Milwaukee

Chicago, Milwaukee, St. Paul and Pacific Railroad Company.
Chicago, Milwaukee and Gary Railway Company.
White Sulphur Springs and Yellowstone Park Railway Company.
Duluth, Missabe and Northern Railway Company.
The Duluth and Iron Range Rail Road Company.
Butte, Anaconda and Pacific Railway Company (undivided one-half interest).
Trackage rights over Spokane, Portland and Seattle Railway, from Portland, Oreg., to Spokane, Wash.
Copper Range Railroad Company.
Escanaba and Lake Superior Railroad Company.
Marinette, Tomahawk and Western Railroad Company.
Midland Continental Railroad.
Port Angeles Western Railroad Company.
Port Townsend and Puget Sound Railway Company.
Ontonagon Railroad Company.
Davenport, Rock Island and North Western Railway Company (undivided one-half interest).
Cowlitz, Chehalis and Cascade Railway (undivided one-third interest).
Duluth and Northeastern Railroad Company (undivided one-half interest).
Newaukum Valley Railroad Company (undivided one-third interest).
Washington, Idaho, and Montana Railway Company (undivided one-half interest).

System No. 14.—Burlington

Chicago, Burlington and Quincy Railroad Company.
The Colorado and Southern Railway Company.
Fort Worth and Denver City Railroad Company.
Quincy, Omaha and Kansas City Railroad Company.
Green Bay and Western Railroad Company.
The Ahnapee and Western Railway Company.
Kewaunee, Green Bay and Western Railroad Company.
Missouri-Kansas-Texas Railroad Company.
Missouri-Kansas-Texas Railroad Company of Texas.
The Trinity and Brazos Valley Railway Company (undivided one-half interest).
Bartlett Western Railway.
Beaver, Meade and Engelwood Railroad Company.
Bevier and Southern Railroad Company.
The Colorado and Southeastern Railroad Company.
The Colorado and Wyoming Railway Company.
Eastland, Wichita Falls and Gulf Railroad Company.
The Ettrick and Northern Railroad Company.
The Galesburg and Great Eastern Railroad Company.
Hooppole, Yorktown and Tampico Railroad Company.
La Crosse and Southeastern Railway Company.
Lowell and Southern Railroad Company.
Macomb, Industry and Littleton Railway Company.
Oklahoma City-Ada-Atoka Railway Company.
Rapid City, Black Hills and Western Railroad Company.
The Roby and Northern Railroad Company.
Rock Port, Langdon and Northern Railway Company.
Shelby County Railway Company.
Shelby Northwestern Railway Company.
Tabor and Northern Railway Company.
Wyoming Railway Company.
Hannibal Connecting Railroad Company.
Winona Bridge Railway Company.
Davenport, Rock Island and North Western Railway Company (undivided one-half interest).
The Great Western Railway Company (undivided one-half interest).

System No. 15—Union Pacific

Union Pacific Railroad Company.
Los Angeles and Salt Lake Railroad Company.
Oregon Short Line Railroad Company.
Oregon-Washington Railroad and Navigation Company.

St. Joseph and Grand Island Railway Company.
The Kansas City Southern Railway Company.
The Arkansas Western Railway Company.
Texarkana and Fort Smith Railway Company.
Utah Railway Company.
Christie and Eastern Railway Company.
Great Southern Railroad Company.
Intermountain Railway Company.
Laramie, North Park and Western Railroad Company.
The Leavenworth and Topeka Railroad Company.
Leesville, Slagle and Eastern Railway Company.
The Mansfield Railway and Transportation Company.
Mount Hood Railroad Company.
Oklahoma and Rich Mountain Railroad Company.
Pacific Coast Railroad Company.
Pacific and Idaho Northern Railway Company.
Sabine and Neches Valley Railway Company.
Texas, Oklahoma and Eastern Railroad Company.
Tonopah and Tidewater Railroad Company.
Death Valley Railroad Company.
Union Railroad of Oregon.
Sumpter Valley Railway Company.
Bingham and Garfield Railway Company (undivided one-half interest).
Camas Prairie Railroad Company (undivided one-half interest).
Cowlitz, Chehalis and Cascade Railway (undivided one-third interest).
Newaukum Valley Railroad Company (undivided one-third interest).
Longview, Portland and Northern Railway Company (undivided one-half interest).
Nezperce and Idaho Railroad Company (undivided one-half interest).
Craig Mountain Railway Company (undivided one-half interest).
The Great Western Railway Company (undivided one-half interest).
The Big Creek and Telocaset Railroad Company.

System No. 16—Southern Pacific

Southern Pacific Company.
Holton Inter-Urban Railway Company.
Nevada-California-Oregon Railway.
Texas and New Orleans Railroad Company.
Northwestern Pacific Railroad Company.
San Diego and Arizona Railway Company.
Sunset Railway Company (undivided one-half interest).
Amador Central Railroad Company.
Angelina and Neches River Railroad Company.

Aransas Harbor Terminal Railway.
Arcata and Mad River Railroad Co.
Arizona Southern Railroad Company.
Bucksport and Elk River Railroad Company.
The California and Oregon Coast Railroad Company.
California Central Railroad Company.
California, Shasta and Eastern Railway Company.
California Western Railroad and Navigation Company.
Camino, Placerville and Lake Tahoe Railroad Company.
Carlton and Coast Railroad Company.
Caro Northern Railway Company.
Cement, Tolenas and Tidewater Railroad Company.
Diamond and Caldor Railway Company.
East Texas and Gulf Railway Company.
Fredericksburg and Northern Railway Company.
Groveton, Lufkin and Northern Railway Company.
Lufkin, Hemphill and Gulf Railway Company.
Louisiana Southern Railway Company.
Magma Arizona Railroad Company.
Mascot and Western Railroad Company.
McCloud River Railroad Company.
Minarets and Western Railroad Company.
Moscow, Camden and San Augustine Railroad.
Mt. Tamalpais and Muir Woods Railway.
The Nacogdoches and Southeastern Railroad Company.
Nevada Copper Belt Railroad Company.
Nevada County Narrow Gauge Railroad Company.
Oregon, Pacific and Eastern Railway Company.
Pacific Coast Railway Company.
Pajaro Valley Consolidated Railroad Company.
Peninsular Railway Company.
Port Isabel and Rio Grande Valley Railway.
Ray and Gila Valley Railroad Company.
Rio Grande Micolithic and Northern Railway.
San Joaquin and Eastern Railroad Company.
Santa Maria Valley Railroad Company.
Texas Southeastern Railroad Company.
Tonopah and Goldfield Railroad Company.
Uvalde and Northern Railway Company.
Virginia and Truckee Railway.
Trona Railway Company.
Waco, Beaumont, Trinity and Sabine Railway Company.
Tucson, Cornelia and Gila Bend Railroad Company.
Valley and Siletz Railroad Company.

Ventura County Railway Company.
Willamette Valley and Coast Railroad Company.
Yosemite Valley Railroad Company.
Bay Point and Clayton Railroad Company (undivided one-third interest).
Eureka-Nevada Railway Company (undivided one-half interest).
The Nevada Central Railroad Company (undivided one-half interest).
Nevada Northern Railway Company (undivided one-half interest).
Oregon, California and Eastern Railway Company (undivided one-half interest).
Yreka Railroad Company.

System No. 17.—Santa Fe

The Atchison, Topeka and Santa Fe Railway Company.
Gulf, Colorado and Santa Fe Railway Company.
Kansas City, Mexico and Orient Railway Company.
Kansas City, Mexico and Orient Railway Company of Texas.
Panhandle and Santa Fe Railway Company.
Chicago Great Western Railroad Company.
Missouri North Arkansas Railway Company.
Midland Valley Railroad Company.
The Apache Railway Company.
Arizona and Swansea Railroad Company.
The Cimarron and Northwestern Railway Company.
The Colorado-Kansas Railway Company.
The Garden City Western Railway Company.
Gulf, Texas and Western Railway Company.
Hanover Railway Company.
Manchester and Oneida Railway Company.
Minneapolis, Northfield and Southern Railway.
Minnesota Western Railroad Company.
The New Mexico Midland Railway Company.
Osage Railway Company.
Port Bolivar Iron Ore Railway Company.
The Rio Grande Eastern Railway Corporation.
Rock Island Southern Railway Co.
Santa Fe Northwestern Ry. Co.
Sierra Railway Company of California.
Verde Tunnel and Smelter Railroad Company.
Helena Southwestern Railroad Company.
Bay Point and Clayton Railroad Company (undivided one-third interest).

System No. 18.—Missouri Pacific

Missouri Pacific Railroad Company.
New Orleans and Lower Coast Railroad Company.
New Orleans, Texas and Mexico Railway Company.
The Beaumont, Sour Lake and Western Railway Company.
International-Great Northern Railroad Company.
New Iberia and Northern Railroad Company.
The Orange and Northwestern Railroad Company.
East St. Louis, Brownsville and Mexico Railway Company.
San Antonio Southern Railway Company.
San Antonio, Uvalde and Gulf Railroad Company.
San Benito and Rio Grande Valley Railway Company.
Sugar Land Railway Company.
The Texas and Pacific Railway Company.
Abilene and Southern Railway Company.
Cisco and Northeastern Railway Company.
Kansas, Oklahoma and Gulf Railway Company.
Fort Smith and Western Railway Company.
The Western Pacific Railroad Company.
The Rio Grande Southern Railroad Company.
The Denver and Rio Grande Western Railroad Company.
The Denver and Salt Lake Railway Company.
Asherton and Gulf Railway Company.
Asphalt Belt Railway Company.
Houston and Brazos Valley Railroad Company.
The Orange and Northwestern Railroad Company.
Rio Grande City Railway Company.
The Denison and Pacific Suburban Railway Company.
Pecos Valley Southern Railway Company.
The Weatherford Mineral Well and Northwestern Railway Company.
Arkansas Railroad.
Arkansas Short Line.
Ashley, Drew and Northern Railway Company.
Augusta Railroad Company.
Brookings and Peach Orchard Railroad Company
Cape Girardeau Northern Railway Company
Carbon County Railway Company
The Crystal River and San Juan Railroad Company
Dardanelle and Russellville Railroad Company
Doniphan, Kensett and Searcy Railway
Grand Prairie-Branch Railroad Company
Graysonia, Nashville and Ashdown Railroad Company
Gulf and Northern Railway Company

Indian Valley Railroad Company
The Lake Providence, Texarkana and Western Railroad
The Manitou and Pikes Peak Railway Company
The Midland Terminal Railway Company.
Mississippi River and Bonne Terre Railway.
Missouri-Illinois Railroad Company.
Missouri Southern Railroad Company.
Montana Railroad.
Murfreesboro-Nashville Southwestern Railway Company.
The Natchez, Urania and Ruston Railway Company.
Northeast Oklahoma Railroad Company.
Okmulgee Northern Railway Company.
Ouachita and Northwestern Railway Company.
The Prescott and Northwestern Railroad Company.
Quincy Railroad Company.
Reader Railroad.
Rio Grande and Eagle Pass Railway Company.
Roscoe, Snyder and Pacific Railway Company.
The San Luis Central Railroad Company.
The San Luis Valley Southern Railway Company.
The Silverton Northern Railroad Company.
Stockton, Terminal and Eastern Railroad.
Texas Short Line Railway Company.
Tooele Valley Railroad Company.
Trinity Valley Southern Railroad Company.
The Uintah Railway Company.
L'Anguille River Railway Company.
Trinity Valley and Northern Railway Company.
The Creek Railroad Company.
Bauxite and Northern Railway Company (undivided one-half interest).
Bay Point and Clayton Railroad Company (undivided one-third interest).
Bingham and Garfield Railway Company (undivided one-half interest).
Eureka-Nevada Railway Company (undivided one-half interest).
Nevada Northern Railroad Company (undivided one-half interest).
The Nevada Central Railroad Company (undivided one-half interest).

System No. 19.—Rock Island–Frisco

The Chicago, Rock Island and Pacific Railway Company.
The Chicago, Rock Island and Gulf Railway Company.
St. Louis–San Francisco Railway Company.
St. Louis, San Francisco and Texas Railway Company.

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Fort Worth and Rio Grande Railway Company.
Kuanah, Acme and Pacific Railway Company.
Alabama, Tennessee and Northern Railroad Corporation.
Louisiana and Arkansas Railway Company.
The Trinity and Brazos Valley Railway Company (undivided one-half interest).
Louisiana Railway and Navigation Company.
Alabama Central Railway.
Meridian and Bigbee River Railway Company.
Mississippi Railway.
Arkansas and Louisiana Missouri Railway Company.
Atlantic Northern Railway Company.
Burlington, Muscatine and Northwestern Railway Company.
Cairo, Truman and Southern Railroad Company.
Cassville and Exeter Railway Company.
Central Railway Company of Arkansas.
Combs, Cass and Eastern Railroad Company.
DeQueen and Eastern Railroad Company.
Texas, Oklahoma and Eastern Railroad Company.
El Dorado and Western Railway Company.
Fort Smith, Subiaco and Rock Island Railroad Company.
The Kansas and Oklahoma Railway Company.
The Louisiana and Pine Bluff Railway Company.
Manila and Southwestern Railway Company.
Miami Mineral Belt Railroad Company.
Northern Louisiana and Gulf Railway Company.
Ozark Southern Railway Company.
Poplar Bluff and Van River Railway Company.
Red River and Gulf Railroad.
The Sibley, Lake Bisteneau and Southern Railway Company.
Thornton and Alexandria Railway Company.
Wichita Falls and Southern Railroad Company.
Warren and Saline River Railroad Company.
Warren and Ouachita Valley Railway Company.
The Wichita and Northwestern Railway Company.
Oklahoma-Southwestern Railway Company.
Oklahoma Union Railway Company.
Bauxite and Northern Railway Company (undivided one-half interest).

System No. 20—Canadian National

Canadian National Railway Company lines in New England.
Central Vermont Railway Company.
Detroit, Grand Haven and Milwaukee Railway Company.

Grand Trunk Western Railway Company.
White River Road Company (of Vermont).
Woodstock Railway Company.
Indiana Northern Railway Company (undivided one-half interest).
South Buffalo Railway Company (undivided one-sixth interest).

System No. 21—Canadian Pacific

Canadian Pacific Railway Company lines in New England.
Spokane International Railway Company.
Minneapolis, St. Paul and Ste. Marie Railway Company.
Duluth, South Shore and Atlantic Railway Company.
Mineral Range Railroad Company.

TERMINAL PROPERTIES

The Massena Railroad Terminal Company.
Dayton Union Railway Company.
The Toledo Terminal Railroad Company.
Detroit Terminal Railroad Company.
Kankakee and Seneca Railroad Company.
The Indianapolis Union Railway Company.
Boston Terminal Company.
Ft. Wayne Union Railway Company.
Norfolk and Portsmouth Belt Line Railroad Company.
The Toledo, Angola and Western Railway Company.
The Newburgh and South Shore Railway Company.
The Cuyahoga Valley Railway Company.
The River Terminal Railway.
The Youngstown and Northern Railroad Company.
South Brooklyn Railway Company.
Delray Connecting Railroad Company.
Wyandotte Southern Railroad Company.
Wyandotte Terminal Railroad Company.
The Bay Terminal Railroad Company.
Brooklyn Eastern District Terminal.
New York Dock Railway.
Hoboken Manufacturers' Railroad Company.
Bush Terminal Company.
Peoria and Pekin Union Railway Company.
Union Depot Company (Columbus, Ohio).
Belfast and Moosehead Lake Railroad Company.
Portland Terminal Company.
Akron Union Passenger Depot Company.

The Akron and Barberton Belt Railroad Company.
Canton Railroad Company.
Muskegon Railway and Navigation Company.
The Philadelphia Belt Line Railroad Company.
Atlantic Port Railway Corporation.
Richmond, Fredericksburg and Potomac Railroad Company.
Washington Terminal Company.
Richmond Terminal Railway Company.
Chicago Union Station Company.
Kentucky and Indiana Terminal Railroad Company.
East Jersey Railroad and Terminal Company.
Pencoyd and Philadelphia Railroad Company.
Chicago Short Line Railway Company.
Fort Street Union Depot Company.
Detroit Union Railroad Depot and Station Company.
Birmingham Southern Railroad Company.
Birmingham Terminal Company.
Durham Union Station Company.
Jacksonville Terminal Company.
Norfolk Terminal Railway Company.
Dallas Terminal and Union Depot Company.
The Railway Transfer Company of the City of Minneapolis.
Arkansas and Memphis Railway Bridge and Terminal Company.
Fort Worth Belt Railway Company.
The Minnesota Transfer Railway Company.
St. Paul Bridge and Terminal Railway Company.
St. Paul Union Depot Company.
Sioux City Terminal Railway Company.
Southern Illinois and Missouri Bridge Company.
The Union Terminal Company (Dallas, Texas).
South Omaha Terminal Railway Company.
The Lake Superior Terminal and Transfer Railway Company of the State of Wisconsin.
Minneapolis Eastern Railway Company.
Port of Astoria Belt Line Railroad.
Duluth Union Depot and Transfer Company.
The Northern Pacific Terminal Company of Oregon.
Des Moines Union Railway Company.
Kansas City Connecting Railroad Company.
Kansas City Terminal Railway Company.
Galveston, Houston and Henderson Railroad Company.
Atchison Union Depot and Railroad Company.
Denver Union Terminal Railway Company.
Galveston Wharf Company.
Joplin Union Depot Company.

Albany Passenger Terminal Company.
Atlanta Terminal Company.
Augusta and Summerville Railroad Company.
Athens Terminal Company.
Northwestern Terminal Railroad Company.
Salt Lake City Union Depot and Railroad Company.
Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans.
Brownsville and Matamoros Bridge Company.
Birmingham Belt Railroad Company.
Peoria Terminal Company.
Rock Island-Frisco Terminal Railway Company.
State Belt Railroad of California.
City of Prineville Railway.
Municipal Terminal Railroad.
Yuma Valley Railroad.
Terminal Railroad Association of St. Louis.
Atchison and Eastern Bridge Company.
The Baltimore and Ohio Chicago Terminal Railroad Company.
The Belt Railway Company of Chicago.
Calumet Western Railway Company.
Chicago and Calumet River Railroad Company.
Chicago and Illinois Western Railroad.
Chicago and Western Indiana Railroad Company.
Chicago Heights Terminal Transfer Railroad Company.
Chicago Junction Railway.
The Chicago River and Indiana Railroad Company.
Chicago Short Line Railway Company.
Chicago, West Pullman and Southern Railroad Company.
Elgin, Joliet and Eastern Railway Company.
Illinois Northern Railway.
Indiana Harbor Belt Railroad Company.
Manufacturers' Junction Railway Company.
Pullman Railroad Company.
The Union Railroad Company.
The Chartiers Southern Railway Company.
Montour Railroad Company.
West Side Belt Railroad Company.
The Monongahela Connecting Railroad Company.
Pittsburgh, Allegheny and McKee's Rocks Railroad Company.
Allegheny and South Side Railway Company.
Monongahela Southern Railway Company.
St. Clair Terminal Railroad Company.
Alton and Southern Railroad.

East St. Louis Junction Railroad Company.
Manufacturers Railway Company.
Missouri and Illinois Bridge and Belt Rail Road Company.
The St. Louis and O'Fallon Railway Company.
St. Louis and Ohio River Railroad.
International Bridge Company.
Keokuk Union Depot Company.
Keokuk and Hamilton Bridge Company.
Oklahoma City Junction Railway Company.
Pueblo Union Depot and Railroad Company.
St. Joseph Belt Railway Company.
St. Joseph Terminal Railroad Company.
St. Joseph Union Depot Company.
Texas City Terminal Railway Company.
Union Terminal Railway Company (St. Joseph, Mo.).
Kansas City, Shreveport and Gulf Terminal.
Leavenworth Depot and Railroad Company.
Los Angeles Junction Railway Company.
Ogden Union Railway and Depot Company.
El Paso Union Passenger Depot Company.
Fort Worth Union Passenger Depot Company.
Richmond Belt Railway.
Beaumont Dock and Wharf Commission.
Beaumont Wharf and Terminal Company.
Union Passenger Depot Company of Galveston.
Alameda Belt Line.
Houston Belt and Terminal Railway Company.
Joliet Union Depot Company.
Wichita Union Terminal Railway Company.
North Charleston Terminal Company.
Savannah Union Station Company.
Winston-Salem Terminal Company.
Tampa Union Station Company.
New Orleans Public Belt Railroad.
Port Utilities Commission of Charleston, South Carolina.
Terminal Railway Alabama State Docks.
Warrior River Terminal Company.
Paduca and Illinois Railroad Company.
Augusta Union Station Company.
Charleston Union Station Company.
Columbia Union Station Company.
Covington and Cincinnati Elevated Railroad and Transfer and Bridge Company.
Goldsboro Union Station Company.

Lexington Union Station Company.
Memphis Union Station Company.
Woodstock and Blocton Railway Company.
New Orleans Terminal Company.
St. Johns River Terminal Company.
Chattanooga Station Company.
Gulf Terminal Company.
Macon Terminal Company.
Meridian Terminal Company.
Van Buren Bridge Company.
Central Union Depot and Railway Company of Cincinnati.
Detroit and Western Railway Company.
East Erie Commercial Railroad Company.
Flint Belt Railroad Company.
Harlem Transfer Company.
Pittsburgh and Ohio Valley Railway Company.
Union Freight Railroad Company.
White River Railroad Company.
El Paso Southern Railway Company.
Galveston Terminal Railway Company.
Hannibal Union Depot Company.
Howard Terminal Railway.
South San Francisco Belt Railway.
Outer Harbor Terminal Railway Company.
Peru, La Salle and Deer Park Railroad Company.
Board of Harbor Commissioners' Railroad (Wilmington, Del.).

EASTMAN, *Commissioner*, concurring in part:

Although I do not approve of it in important respects, I concur in the adoption of the consolidation plan above outlined because it has many good features, because it is necessary under the law to adopt some plan, and because it is not very important, after all, whether or not it is the best plan that could be devised. We may modify it at any time hereafter, and no consolidation for which it provides can be accomplished until we have found, after full hearing, that the public interest will be promoted thereby. There is, I think, much misunderstanding on this point. The plan is very little more than a procedural step. There is nothing compulsory about it, nor even any assurance that authority will be sought to carry out the consolidations which it proposes. Applications for authority to effectuate certain unifications are now before us which in many particulars are inconsistent with the plan. The important time will come when we take action upon these and similar definite applications.

It must be borne in mind that the record in this consolidation plan proceeding was closed some years ago, and is not up to date. In my opinion we would not be warranted in adopting a plan without further hearings, were it not for the fact that it can be modified at will thereafter. Because the plan is thus lacking in finality, it seems to me that to the extent that we have misgivings in regard to it we ought to indicate what those misgivings are and disclose frankly the present content of our minds. If we do this, those who hereafter seek approval of definite consolidations or unifications will know what they have to meet, and will have a better opportunity to correct misconceptions or to show, if it be the fact, that the views which we are at present inclined to hold are based upon unsound premises or are the outgrowth of insufficient knowledge. For these reasons I shall discuss the matters under consideration at some length, starting with a discussion of the statutory provisions under which we are now acting.

The wording of section 5 (4) leaves us with rather wide discretion in formulating the plan, and I have no doubt that it was purposely so worded. It is to be a plan for consolidation into a "limited" number of systems. Obviously the word "limited" is very indefinite. Fifty systems, or even more, would fit the word as well as fifteen or twenty. Plainly it is contemplated that the plan shall involve a material reduction in the number of systems existing at the time when the Transportation Act, 1920, became law, but there are wide limits of discretion in determining what the reduction shall be. It should be remembered that the number of independently operated class I railroads has already been substantially reduced since 1920. The following is an incomplete list of roads which have been absorbed since that time:

Alabama & Vicksburg.
Ann Arbor.
Atlanta, Birmingham & Atlantic.
Carolina, Clinchfield & Ohio.
Chicago, Terre Haute & Southeastern.
Cincinnati, Indianapolis & Western.
El Paso Southwestern.
Georgia, Florida & Alabama.
Gulf & Ship Island.
Gulf Coast Lines.
International Great Northern.
Kansas City, Mexico & Orient.
Lake Erie & Western.
Pere Marquette.
San Antonio, Uvalde & Gulf.
Texas & Pacific.

Toledo, St. Louis & Western.
Vicksburg, Shreveport & Pacific.

The next requirement is that "competition shall be preserved as fully as possible." The words "as fully as possible" leave a good deal to our judgment, but plainly, I think, the preservation of competition was regarded as of prime importance, and it was not intended that we should have very wide latitude in this matter.

The third requirement is that existing routes and channels of trade shall be maintained "wherever practicable." Here I think we have more latitude than in the case of the second requirement, for certainly the words "wherever practicable" are not as strong as the words "as fully as possible."

The final requirement is that the systems "shall be so arranged that the cost of transportation as between competitive systems and as related to the values of the properties through which the service is rendered shall be the same." These words are prefaced by the qualification, "subject to the foregoing requirements," clearly indicating that this final requirement is subordinate to those which precede. They are also followed by the further qualification, "so far as practicable." Those who drafted the paragraph apparently realized that there might be a good deal of difficulty in conforming at all closely to this requirement, and the fact is that the difficulty is insuperable. Even if we could at the outset carve out systems having equal transportation costs, there could be no assurance that these costs would remain equal, since they are so intimately affected by business conditions in the particular territory served, efficiency of management, and other similar factors. However, the drafters indicated the object which they had in view by concluding with the words, "so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties." What they really had in mind, more briefly stated, and as I see it, is that we should design systems capable of holding their own in the competitive struggle and with sufficient financial strength to provide and maintain facilities adequate for good service. To state it still more briefly, the chief purpose was to eliminate the "weak sisters."

A further provision of the law which seems to me significant and important in connection with the preparation of the consolidation plan is found in section 5 (6) (c). It is provided that when, after the promulgation of that plan, a consolidation is proposed, not only must it conform to the plan but we must also specifically find, after public hearing, that it will promote the public interest. This means that Congress recognized the tentative, speculative character of any

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consolidation plan that we might devise under the specifications of section 5 (4), and did not regard the mere making of the plan as proof that it ought to be consummated. Further evidence of this fact is afforded by the blanket authority to make subsequent modifications. Public interest in the last analysis is to be the test, and this being so, it seems to me that in exercising our discretion in the preparation of the plan, and particularly in deciding how many systems shall be included within the "limited number," we should be guided by our conception of what the public interest demands. That should in turn, I believe, lead us to pursue at the outset a cautious, conservative policy.

The reasons for caution are greatly augmented by the fact that we are now dealing with a general railroad situation which in many respects is more satisfactory than any which has been experienced in the past. There may be ground for dissatisfaction in the general level of the rates, but it is not seriously claimed that extensive consolidations will in themselves make possible substantial reductions in rates even if there be eliminated from consideration what may be the effect of the Supreme Court decision as to valuations in the *O'Fallon Case*. So far as service, operating efficiency in general, and ability to finance on reasonable terms are concerned, the status of the railroads has been improving rapidly and steadily during the past few years and now appears to be better than ever before. This improvement has extended to the so-called weak lines. They are far from presenting the problem which they seemed to present in 1920. Those notorious "weak sisters," the Kansas City, Mexico & Orient, and the Atlanta, Birmingham & Atlantic, are now well taken care of, and other lines of somewhat similar character will be found in the list of absorbed carriers which I have given above. The financial status of others, such as the St. Paul, the Denver & Rio Grande, and the Missouri-Kansas-Texas, has been materially improved by reorganization. And many of the lines which appear to be weak have this reputation only because of overcapitalization. There are now, it seems to me, only a very few weak lines which are really disturbing factors in the railroad situation.

Under these circumstances I submit that there is no wisdom in experimenting with a reasonably satisfactory situation by radical attempts to promote consolidations out of hand on a grandiose scale, and that there is, on the contrary, every reason for proceeding cautiously and conservatively. I do not wish to minimize the possible benefits of consolidations or unifications. In many cases they have been beneficial in the past, and without doubt many will be in the future. But I believe that there is a present tendency, in certain quarters at least, to magnify beyond reason their possible advantages

and to overlook almost entirely their possible disadvantages and dangers.

Much depends upon the way in which they are brought about and the terms and conditions. There have been numerous instances in the past of unifications which brought disaster because of the gross extravagance and waste which characterized their creation. Our plan combines the Frisco and Rock Island, but these roads were once before "unified" in a way which was productive of no good and many evil results. And included in this former unification were such roads as the Chicago & Eastern Illinois and the Kansas, Oklahoma & Gulf, which we are now seeking again to combine with other properties. The Chicago & Alton also was formerly controlled jointly by the Rock Island and the Union Pacific. It is my understanding that these three smaller roads all suffered severely from their unification experiences. Another illustration is afforded by the Western Pacific, the Denver & Rio Grande Western, the Missouri Pacific, the Wabash, the Pittsburgh & West Virginia, and the Western Maryland, which were at one time all dominated, in some instances under different corporate names, by the same financial interests—again an experience from which they all suffered. The New Haven, the Boston & Maine, and the Maine Central were likewise brought under common control not so many years ago, along with various steamship and electric railway properties, in a process of unification which was highly disastrous in its results. Other illustrations could easily be given. Today it is probable that the powers of regulation which we now possess would prevent similar excesses, although many of those which occurred in the past were a result of "holding company" operations such as are again beginning to develop and over which our powers of control are uncertain. I mention these injurious unifications of the past, not as prototypes of what is likely to happen in the future, but as illustrations of the fact that the terms and conditions under which unifications or consolidations are accomplished are of critical and essential importance.

Such sentiment as appears to exist in favor of the consolidation of the railroads into a very few great systems is, I believe, largely artificial. According to my observation, there is very little sentiment of this kind among either shippers or railroad officers. For the most part I think that it emanates from financial circles which are likely to reap large profits from the mere process of putting the roads together. Furthermore, there is reason to believe that the country is becoming considerably alarmed by the progress of consolidations and unifications among industries in general. It is feared that control of industry is rapidly passing into a few hands, with the danger that we shall become predominantly a nation of

clerks and subordinates. Perhaps this process is inevitable in some lines of industry, and it may eventually be the fate of the railroads. But there is so much doubt about its wisdom that I see no reason for accelerating the process in the case of the railroads. There are strong grounds for belief that the best results in operating efficiency and service are secured when a railroad system is small enough so that the executive can maintain something like personal contact with the employees all down the line and also with the shippers in the territory served. In this connection it is of interest to note that the present Nickel Plate Railroad is a combination of three parts; namely, the original Nickel Plate, the Lake Erie & Western, and the Clover Leaf. The two first named were at one time parts of the New York Central system, and I understand that the Clover Leaf was once affiliated with the Rock Island-Frisco system. As parts of larger systems these roads did not prosper, but since their combination as a comparatively small and independently managed system they have done very well indeed.

My judgment, in short, is that we should proceed slowly in this matter and that the best consolidation plan would be one so constructed that if good reason later develops, after we have had more experience, for carrying the process of unification further, it could be done by merely combining some of the smaller systems. We ought also, I believe, to keep the following points in mind and govern our action upon consolidations accordingly to the best of our power and ability:

1. The desirability in every important transportation center served by two or more railroads of either having a single terminal company jointly controlled but owning and operating all of the terminal property or else complete reciprocity in switching, so that every shipper in the terminal district can secure the service on equal terms of all lines reaching the district. Wherever possible such "opening" of terminals should be provided for in connection with the authorization of consolidations or unifications.

2. The desirability of cooperation by the railroads through some central agency, like the American Railway Association, in all matters where their special interests are not in conflict. Considerable has been done along these lines, but much more is possible. It should include provision for a highly organized central research department, such as has proven of great value in the case of the Bell System telephone companies. In my judgment, many of the advantages which are urged in support of railroad consolidations on a grand scale can be realized in a better way by such a policy of intelligent cooperation.

3. The desirability of provisions, in connection with all consolidations or unifications authorized and in the form of attached conditions, which will give us power to require upon reasonable terms trackage

rights or other joint use of facilities in the future to the extent that the public interest may demand.

With these preliminary general observations I shall now proceed to comment upon the plan of consolidation as it affects various sections of the country.

NEW ENGLAND

It seems to me clear that in so far as lines in New England are now controlled by Canadian systems, nothing should be done to interfere with that control. Intimate and friendly relations with Canada are of much importance to northern New England, and these Canadian systems also supply an element of competition with American trunk lines which is of very substantial value. This is particularly true of the State of Maine and the seaport of Portland.

Nor do I see any sufficient reason for interfering, even if such interference were possible, with the control now exercised over the Boston & Albany by the New York Central. So far as the other New England lines are concerned, I am strongly of the view that they should not be permitted to pass under the control of trunk lines operating west of the Hudson River. Present routes and channels of trade can be maintained more effectively and the advantages of competition between the trunk lines can better be realized if these New England lines are not absorbed by them. Close and friendly relations between the New England rail lines and the steamship lines which serve the ports, as well as with the Canadian rail systems, are of vital importance to New England, and such relations also can be maintained more effectively if further absorption of New England railroads by the trunk lines is prevented.

As at present advised, I am inclined to favor the union of the Boston & Maine, the Maine Central, the Rutland, and the Bangor & Aroostook. While substantial reasons can be advanced for assigning the Rutland to the New York Central, I do not favor this, for the Rutland has a line to Lake Ontario at Ogdensburg which may be very important to New England in a competitive way after the completion of the new Welland Canal. This competitive route should not be in partial trunk-line control.

Whether such a northern New England system should be joined with the New Haven is a question as to which I am in doubt. Those who advocate this have, I think, a strong burden of proof. At the time when the Boston & Maine was under New Haven control the merger of the two roads was strongly opposed by many New England industrial interests, not only because of the elimination of competition at such important cities as Boston, Worcester, Springfield, and Fitchburg, but also because the natural tendency of the Boston & Maine

is to encourage traffic to and from Boston, whereas if it were merged with the New Haven the tendency would be to favor traffic to and from the port of New York, in order to enjoy the longest possible hauls. This possible subordination of the principal New England port was then viewed with considerable alarm. However, it may be that it can be shown that there is no present foundation for such fears.

In the case of the Delaware & Hudson, the Lehigh & Hudson, and the Lehigh & New England, I doubt whether the advantages of their acquisition by the New England lines would be sufficient to offset the probable cost of acquisition, although as to this also I have an open mind.

EASTERN TERRITORY

In considering eastern territory, I start with the proposition that the Pennsylvania and New York Central systems are large enough, and in some respects too large, at the present time and should under no conditions be made larger. My next proposition is that no good reason has been shown for building up two other equally large systems. There has been much propaganda to the effect that in order to secure effective competition with the Pennsylvania and the New York Central it is essential to create rival systems of equal size, and that there is insufficient mileage to create more than two such rivals. This is the keynote of the 4-system plan for the East, and those who advocate a greater number are stigmatized as "playing into the hands" of the Pennsylvania and the New York Central.

To my mind this propaganda rests upon a premise which is wholly unsupported by proof. What evidence is there that it is necessary for a system to be as large as another in order to compete effectively with it? I submit that not only has there been no such proof but the evidence points distinctly the other way. If the proposition were sound, how would it be possible for the Baltimore & Ohio, the Wabash, the present Nickel Plate, the Lackawanna, and the Lehigh Valley, among others, which might be named, to live and prosper? Yet we know that they have done so, and upon the same level of competitive rates. In our working papers in this proceeding we have statistics showing average rates of return for the three years ended December 31, 1927, upon our basic valuations brought up to date by net additions and betterments since valuation date. The results were as follows:

Pennsylvania	4. 77	Baltimore & Ohio	6. 36
New York Central	4. 96	Wabash	6. 72
Central of New Jersey	5. 08	Western Maryland	6. 75
Lehigh Valley	5. 15	Reading	7. 70
D., L. & W	6. 22	Nickel Plate	7. 73

The Pennsylvania is now, I understand, making a much better comparative showing and seems to be escaping from the doldrums towards which it was drifting some few years ago. But this shows the danger by which a very large system is peculiarly beset. High-power, intensive, progressive management is, I am inclined to believe, more difficult to achieve and maintain in the case of such a system than where the system is smaller. The fact is, also, that in order to meet this problem of management it is necessary for a very large system to divide itself into parts and manage and operate those parts almost as independently as if they were separate systems.

For the present there is, in my judgment, no occasion for the building up of systems in the East comparable in size with the Pennsylvania and the New York Central. That can be done later if experience should disclose a real need for such systems, but it is the part of wisdom to proceed in that direction with the utmost circumspection. It is far easier to merge railroads than it is to tear them apart again once they are merged. So far as the plan is concerned, there is no statutory requirement that the systems be equal or even comparable in size. All that is necessary, in my opinion, is that they shall have adequate earning power and financial strength to hold their own in the competitive struggle, if well managed.

An important consideration to have in mind, it seems to me, is that mere mileage is very far from being an accurate index of the magnitude of a system. It depends upon where that mileage is. One thousand miles of western prairie track may carry less traffic and be easier to manage and operate than 200 miles of line in the congested eastern industrial district. Comparatively small systems from the standpoint of mileage are, I think, particularly desirable in the territory east of the Alleghenies and north of the Potomac. It is also a mistake to assume that single-line routes are essential to good and efficient service. Joint-line routes often compete very effectively with single-line routes, and as a matter of fact they have done so for many years between points like Chicago or St. Louis and the Atlantic seaboard.

A further erroneous notion is that end-to-end mergers are necessarily best from the competitive standpoint. The error may be illustrated by the New England situation. If the New Haven were consolidated with the Pennsylvania, competition would exist only at the handful of points which it serves which are also served by other lines. If the New Haven remains independent, however, or becomes part of a strictly New England system, every little town on its line will have the benefit, on traffic to and from competitive points west of the Hudson River, of several competing routes. This is well recognized and understood in New England. As I shall later show,

this principle is capable of effective application in other eastern sections.

In determining upon desirable consolidations, attention should not be confined too closely to east-and-west traffic. North-and-south traffic should also be given due weight, and with the rapid expansion of industry in the South it will, I believe, grow steadily in importance.

To a certain extent the confining of systems within the boundaries of the recognized rate territories is, I believe, desirable. However, a considerable amount of overlapping is also desirable to mitigate some of the disadvantages of these rate territories. Such overlapping tends, for example, to break down artificial rate practices, like the practice of "breaking" rates at the Ohio or Missouri or Mississippi Rivers; and the competition of one or two through lines spurs joint routes to the good service which such routes are easily capable of giving if the participating carriers cooperate effectively with each other.

In eastern territory, outside of New England, the systems which I would favor in preference to those proposed in the plan which has been adopted, are the following:

Pennsylvania system.

New York Central system.

These would be the same as now constituted, except that I would not include the Norfolk & Western in the Pennsylvania system. Either the Clayton Act or the Sherman Anti-Trust Act should be used to pry these two roads apart. They are, it seems to me, clearly competitive. The Norfolk & Western's Hagerstown route competes with the Pennsylvania on north-and-south traffic, and has very important potential possibilities in this direction which have not been developed. The coal traffic of the Norfolk & Western from the southern fields is also intensely competitive with the coal traffic of the Pennsylvania from the northern fields, as was amply demonstrated in the *Lake Cargo case*, to say nothing of the competition on export and import traffic through Norfolk as compared with similar traffic through the Pennsylvania's ports.

Reading system.

Reading Company.
Central of New Jersey.
Western Maryland.
Lehigh & Hudson.

Lackawanna system.

Lackawanna.
Lehigh Valley.
Delaware & Hudson.
New York, Ontario & Western.

Lehigh & New England.
Pittsburgh, Shawmut & Northern.
Pittsburgh & Shawmut.

These two proposed systems have points of similarity, so I shall describe them together. Like the New England systems, they would be quasi terminal systems operating in the congested eastern industrial district and designed to provide access to this district and the great north Atlantic ports freely and without favor to all connecting lines.

The proposed Reading system would afford access to the ports of New York, Philadelphia, and Baltimore, and through the present Lehigh & Hudson it would have direct connection with the New New Haven system. At Hagerstown it would connect with the Norfolk & Western, thus affording the latter a splendid means of developing a north-and-south route competitive with that which passes through Potomac Yard, this route serving the three abovementioned northern ports, but reaching each of them without passing through either of the others and reaching the New England lines without passing through New York. At Connellsville, near Pittsburgh, it would connect with the New York Central and the Wabash system, which I suggest below and it could easily be made to connect with the proposed Erie system. At Newberry Junction or Williamsport it would connect with the New York Central and the Pennsylvania, thus affording the former an opporutnity to develop the alternative southern route to New York City of which it has had so much to say. It would not, of course, give the New York Central its own line into New York, but it would give it access by a friendly connection, in much the same way as the Balitmore & Ohio has with great success reached New York and the Lehigh Valley has reached Philadelphia. The Baltimore & Ohio is also projecting a route across Pennsylvania via Newberry Junction, and the proposed Reading system would in the event that this plan is carried out afford the Baltimore & Ohio, as well as the New York Central, free access to New York City. As an alternative, one of these new routes might use the proposed Lackawanna system for its New York connection.

It would be a part of the plan that the stock control which the New York Central and the Baltimore & Ohio now jointly exercise over the Reading should be dissolved. This I believe could be done, if necessary, through a Clayton or Sherman Act proceeding. In any event, it could be made a condition precedent to the absorption of either the Jersey Central or the Western Maryland or both by the Reading. It would also be a part of the plan that the Baltimore & Ohio should be guaranteed for the future the same access to New

York Harbor as it now enjoys and that the Lehigh Valley line of the proposed Lackawanna system should be protected by a similar guarantee in the case of its entrance into Philadelphia. I would further make it a condition of consolidation that if any other connecting road should in the future seek an operating arrangement like that of the Baltimore & Ohio or Lehigh Valley, we should have the right to require such an arrangement to be made on just and reasonable terms. We could then give the Wabash direct access to Baltimore over the line of the Western Maryland, if it seemed desirable, or give either the New York Central or the Baltimore & Ohio, or both, direct access to New York City over the line of the Jersey Central. Probably the Maryland & Pennsylvania should be included in the proposed Reading system. This is a little line which competes with the Pennsylvania between New York and Baltimore. It does not now connect with the Reading, but it would seem from the map that a connection could be made without much difficulty which would result in a direct line from the anthracite fields to Baltimore.

The proposed Lackawanna system would reach New York and Philadelphia and would also connect directly with both the Boston & Maine and the New Haven systems. At Buffalo, it would connect with lines of the proposed Wabash, Erie, and Chesapeake & Ohio systems and also with lines of the Canadian National, including the latter's Chicago line. All of these systems would thus be given access by a friendly connection with splendid facilities to New York, Philadelphia, and New England, as well as to many important interior cities in New York and Pennsylvania. The Lackawanna and the Lehigh Valley are, of course, parallel and competing lines, but I believe that they can be combined without important loss of competition, and with less such loss than would result if the Erie and Lackawanna were combined, as proposed in the plan which has been adopted. Through the Pittsburg, Shawmut & Northern and the Pittsburg & Shawmut the proposed Lackawnna system would have access to an important bituminous coal district and could, I believe, secure trackage rights which would carry it into Pittsburgh. Whether the New York, Ontario & Western should go to this system or be left with the New Haven is open to some question. If the New Haven desires to retain this road, there is, of course, nothing to prevent it from holding on.

The same conditions with respect to possible traffic arrangements with connecting lines should be attached to this merger as are described above in connection with the proposed Reading system. In particular, it might be well to assure the Erie satisfactory access to the Albany gateway with the New England roads over what is now the Binghamton line of the Delaware & Hudson.

It might be argued that the proposed Reading and Lackawanna systems would reduce competition from the anthracite region, and also that they would be too predominantly anthracite carriers. My belief is that adequate competition would remain, for the two systems would interlace in both the northern and southern anthracite districts, to say nothing of the competition from the Pennsylvania and the Erie. Furthermore, the anthracite industry now has plenty of competition from other fuels and needs help. The combination of the principal anthracite carriers into two systems would, it seems to me, permit many important operating economies in a coal region where railroad operation is exceedingly complicated. Indeed, I would be willing to transfer to the proposed Lackawanna system the New York, Susquehanna & Western line of the Erie, which is a deficit-producing line the burden of which could well be carried by the Lackawanna system.

As for the predominance of anthracite traffic, I have introduced bituminous originating lines into both proposed systems. It is also my view that railroad operation in the congested mining and manufacturing districts which these systems would serve is sufficiently difficult and complicated, so that there would be a distinct advantage in having a management in close contact with, and able to concentrate upon, these problems. Finally, I think that such concentration of the anthracite traffic would help instead of hinder us in the regulation of anthracite rates. That is a problem which I believe we soon shall have to face. The anthracite industry may be entitled under the Hoch-Smith resolution to a near approach to the "lowest possible lawful rates," which would mean that we must have as accurate knowledge as possible of the cost of hauling this coal. It ought not in any event to be hauled below cost, and we would be better able to judge of that cost if the traffic were concentrated in the hands of comparatively small, compact, and financially strong systems. In addition, such concentration should lead to a reduction in the cost of transportation.

Baltimore & Ohio system.

Baltimore & Ohio.
Buffalo, Rochester & Pittsburgh.
Chicago & Alton.

The Baltimore & Ohio now has a good system with excellent earning capacity. The proposed Reading system would protect it in access to good and adequate terminals at New York harbor, and that is the thing in which it is mainly interested. Its main weakness is that it has few lines in the northern part of trunk-line territory. I would improve this situation by giving it the Buffalo, Rochester & Pittsburgh, thus affording access to the important cities of Buffalo

and Rochester and to a cross-lake route into Canada. In this connection I would also give it trackage rights over a portion of the Buffalo & Susquehanna, which I would allot to the Erie, so that the Baltimore & Ohio could, if it desired, develop its proposed line across Pennsylvania to a connection with the proposed Reading system. The Monon would fit in well with the Baltimore & Ohio system, but on the whole I think it better to leave this road to the southern lines which now control it. They show a disposition to keep it in any event, and I believe that the Baltimore & Ohio will experience no difficulty in making satisfactory operating arrangements with it. Doubtless it could trade its present financial interest in the Cincinnati, New Orleans & Texas Pacific for such arrangements. The inclusion of the Chicago & Alton with this system may be open to question, but it would give the Baltimore & Ohio a good connection which it apparently needs between St. Louis and Chicago, and would also extend the system to Kansas City. Such overlapping into another rate territory is, I believe, desirable for the reasons already indicated. However, an equally good argument could be made for allotting the Alton to the Nickel Plate system.

Erie system.

Erie.
Nickel Plate.
Bessemer & Lake Erie.
Buffalo & Susquehanna.

The Erie and Nickel Plate are parallel and competing lines. We could compel them to be separated. However, I do not believe that this competition is of sufficient importance to warrant our doing this, and the Nickel Plate has lines which should be valuable feeders of the Erie and of which the latter is in need. But it should be made a condition of our permitting the union, as I see it, that common control of the proposed Chesapeake & Ohio and Erie systems should be completely eliminated. Probably we could force such separation in any event through the Clayton Act. The Erie already has access to Pittsburgh in connection with the Pittsburgh & Lake Erie, but acquisition of the Bessemer & Lake Erie and of the Buffalo & Susquehanna would strengthen its position in this important coal and iron district. The acquisition of the Buffalo & Susquehanna should be conditioned as I have above indicated in discussing the Baltimore & Ohio system.

Whether or not the Erie could acquire the Bessemer & Lake Erie without our help is doubtful, but we could help it by a commodities clause proceeding. Certainly this important road should not remain in possession of a single industry, the most important which it serves. In this connection, there are several terminal lines in the Pittsburgh district of great strategic strength which are industrially controlled,

the chief of these being the Union and the Montour. The common carrier portions of these roads should be pried loose from the industries and converted into a terminal property under joint control of the roads entering Pittsburgh, other than the Pennsylvania and the New York Central. The latter two roads could later be admitted to the joint control, upon condition that they open up their own extensive terminals in the Pittsburgh district on a reciprocal switching basis.

Wabash system.

Wabash.
Wheeling & Lake Erie.
Pittsburgh & West Virginia.
Akron, Canton & Youngstown.
Toledo, Peoria & Western.
Minneapolis & St. Louis.

The Wabash is now a strategically situated property with an excellent earning capacity on the basis of valuation. It now reaches Buffalo, where my proposed Lackawanna system would give it good access to New York, Philadelphia and New England, and acquisition of the Wheeling & Lake Erie and of the Pittsburgh & West Virginia would bring it into Connellsville, where it would connect with the suggested Reading system, with direct access to Baltimore as well as to the more northern ports. The Akron, Canton & Youngstown, the Toledo, Peoria & Western, the Wheeling & Lake Erie, and the Pittsburgh & West Virginia, plus short additional construction or trackage rights, could be developed into a direct new line across central territory from the Mississippi River to Pittsburgh. With such a line through Peoria, it would seem that the Minneapolis & St. Louis would give the Wabash valuable access to the Twin Cities and other points in the northwestern part of western trunk-line territory. The Minneapolis & St. Louis would also give the Wabash reasonably direct lines between the Twin Cities and St. Louis and Kansas City. However, I would also give the Illinois Central an opportunity to bid for the Minneapolis & St. Louis.

Any control of the Wabash system by the Pennsylvania should, of course, be completely eliminated.

Chesapeake & Ohio system.

Chesapeake & Ohio.
Pere Marquette.

My views as to the lines serving the southern coal fields are similar to those of Professor Ripley. I believe that these lines should be independent systems, not affiliated with any lines serving the northern coal fields and free to interchange traffic on equal terms with all of the east-and-west eastern systems. On the whole, I think it rather

unfortunate that the Pere Marquette should have been turned over to the Chesapeake & Ohio, but this is water over the dam. My proposed Lackawanna system would, however, give the Pere Marquette division of the Chesapeake & Ohio system at Buffalo free access to the northern Atlantic ports and their hinterland and to New England. The coal tonnage in the southern fields promises to be so important to the Nation in the future that in my judgment it should not be placed under the domination of two, or possibly three, great eastern systems. There are not enough lines to give all of the eastern systems direct access to the southern fields, and therefore the best disposition of the matter is to make these southern coal roads independent agencies free to interchange on equal terms with all. Such a disposition would also, I think, tend to promote the development of the Hampton Roads ports. As aforesaid, common control of the Chesapeake & Ohio and proposed Erie systems should be ended.

Norfolk & Western System.

Norfolk & Western.
Seaboard Air Line.
Norfolk Southern.
Detroit, Toledo & Ironton.

This system will be more particularly described under "Southern Territory" below. It is dependent, as I have already indicated, upon prying the Norfolk & Western loose from the Pennsylvania.

Virginian.

As to what should be done with this road, I am in doubt. At present my best thought is to leave it alone, but give it a physical connection with the Kanawha & Michigan line of the New York Central. Possibly if such a connection were made and the Chesapeake & Ohio were converted into an independent system, the Virginian could be made part of the Chesapeake & Ohio system without detriment to the public interest.

SOUTHERN TERRITORY

I am in substantial accord with the plan which has been adopted, so far as this territory is concerned. The union of the Seaboard Air Line with the Norfolk & Western I regard as highly desirable, but I would not join them to the Wabash system.

By way of the Winston-Salem Southbound, which it jointly controls with the Atlantic Coast Line, the Norfolk & Western has a splendid connection with the Seaboard, and this would provide a good north-and-south line all the way from Hagerstown to Atlanta and also to Charleston, Savannah and Florida, with an equally good connection on the north with the proposed Reading system. The Seaboard and the Norfolk & Western would also make a good route

from the southern coastal plains via Cincinnati to Central territory, and the addition of the Detroit, Toledo & Ironton would provide connections with all of the trunk lines. There is another connection between the Norfolk & Western and the Seaboard at Durham, and of course one at Norfolk. Union between the two roads would have the further advantage that it would give the Seaboard a good coal supply. The proposed Southern, Coast Line, and Illinois Central systems are all well supplied with coal mines located in good regions, but not so the Seaboard. It would also give the Norfolk & Western an advantageous outlet for its coal in southern territory. The consolidated system would be quite powerful enough to carry the weak Norfolk Southern.

WESTERN TERRITORY

In the case of western territory, I am in substantial accord with the plan which has been adopted with certain exceptions. The most important of these is the proposed union of the Northern Pacific and the Great Northern, and the proposed divorce of both from the Burlington. I do not approve of uniting the two parallel and strongly competitive northern lines, but on the other hand I regard the divorce of the Burlington as an impracticable and undesirable undertaking. The situation is satisfactory as it now stands. Because of the competition of the northern lines, which are joint and equal partners in the control of the Burlington, it has the effect of making that road practically an independent system, so far as management is concerned. Yet the advantages of direct intercourse between each of the northern lines and the Burlington, which is naturally tributary to both, are preserved.

Partly because of this belief that no attempt should be made to divorce the Burlington from the two northern lines, I would not join the Missouri-Kansas-Texas to the Burlington system. Nor would I join the Kansas City Southern to the Union Pacific. These two southwestern lines could with advantage be united with each other and the Chicago Great Western into an independent system. This would afford direct connection all the way from the Twin Cities to the Gulf, and would also supply all east-and-west systems which it would cross with an independent but friendly outlet to the Texas ports.

I am inclined to think, also, that it might be to the advantage of the Western Pacific and the Denver & Rio Grande Western to be combined as a system independent of the Missouri Pacific, affording all of the lines which reach Denver from the East an outlet to the Pacific Coast in competition with the Union Pacific. The use of the Moffatt tunnel will enable this route to compete on better terms with that of the Union Pacific.

McMANAMY, *Commissioner*, concurring:

In general I concur in this plan for the consolidation of railroads because under the law a plan is required before any consolidations may lawfully be made. But we should not, in order to open the door to lawful consolidations, propose consolidations which are themselves unlawful, and that I think we have done; therefore I feel the necessity of expressing my disagreement with certain principles of the consolidation plan here proposed.

The purpose of the consolidation provisions can not be clearly understood without considering the conditions under which they were passed. For 26 months the railroads had been under Federal control and were about to be turned back. Ten of those months were war months during which the railroads were intensively used. For about six months following the war during the return of the troops they were also fairly busy. Then traffic fell off and both the railroads and the public became intensely concerned as to the future of the transportation system of the country. Due to increased operating expenses without a corresponding increase in rates, many railroads were bankrupt, or nearly so, when taken over by the Government. Rates had not been adjusted to fully meet increased costs and it was generally conceded that without substantial increases in rates private operation could not succeed. There was general apprehension that the transportation system of the country would not be able to function efficiently, if at all. Out of this came the consolidation provisions of the act. What followed? When the roads were turned back this commission, under the authority conferred by the law, took steps to provide increased revenues. Relief was provided in extreme cases by funds appropriated for that purpose by Congress. The railroads came through the readjustment period following the war in better shape than any other major industry and to-day they are in far better shape financially and physically than at any period in their history. The point I am leading up to in this brief reference to conditions surrounding the birth of the consolidation provision is that I doubt if anyone will contend that under present conditions the consolidation provisions would have become a part of the law. Transportation conditions would not have justified it.

What is the situation now? Never have the railroads collectively or singly been in as good condition physically and financially as they are at present. The weak lines, that is, those which actually need help, can be counted on the fingers of one hand. Equipment is ample and our inspections show it to be in better condition than ever before and improvements are going steadily forward. Safety devices are being installed at a rate never before even considered. Orders for new material and equipment are sufficient to cover anticipated needs. There has been no car shortage for more than five years. Up to the time of the recent Wall Street debacle carloadings were making new records almost every week, not spectacular, but a steady increase. The grain crop, large as it was, moved in one month less time this year than last. Net ton-miles per mile of road per day, gross and net train-loads, gross ton-miles per train hour, net ton-miles per car day, cars per train, and other operating records by which efficiency is measured are all better than ever before recorded.

Service to the shippers has never before been so satisfactory. Car-miles per car day are the highest on record and a new record of average speed of freight trains has just been made. Dealers are said to be carrying smaller stocks than ever before because they can renew without delay. The principal complaint shippers now have is with respect to the level of the rates, and improved service is steadily robbing that complaint of its force. In view of the conditions above described, the question naturally follows, How will public interest be promoted by the creation of such huge systems as are here proposed?

My conception of what Congress had in mind is, first, that short lines should be changed from independent separate lines of railroad into branches of trunk-line systems thereby providing necessary equipment, facilities, and funds to assure continued operation of these very important and necessary parts of the transportation machine; second, that weak lines should be consolidated with stronger trunk lines thus assuring continued life and usefulness for the weak lines; and, third, that the public should have the benefit of whatever increased efficiency and economy might result from single instead of multiple line hauls. Beyond this consolidations may profit those whose chief functions are to reorganize the corporations and market the securities, but certain it is that the public will not benefit thereby.

The specific consolidation provisions are important. We are first directed to—

> prepare and adopt a plan for the consolidation of railway properties of the continental United States into a limited number of systems.

I disagree with the thought, which to me is apparent in the conclusions, that in directing the consolidation of railroads into a "limited number of systems" Congress meant the "smallest" number of systems consistent with the other requirements of the act. Funk & Wagnall's dictionary defines "limited" as "confined to certain limits." It further states "limited is often faultily used for small, scant, slight, and other words of like meaning." Nowhere does the act indicate, and we have no right to assume, that the word was faultily used by Congress. On the contrary, there is every reason

to believe that it was correctly used. There is therefore nothing in the act which requires us to consolidate parallel and competing lines in order to reduce the number of systems. In fact that is specifically forbidden.

I believe that the mandate of Congress that—

> in the division of such railways into such systems under such plan, competition shall be preserved as fully as possible and wherever practicable the existing routes and channels of trade and commerce shall be maintained—

is controlling, and that all other provisions relating to consolidation were intended to and should be subordinate thereto. For the above reason I do not believe that parallel and competing lines may lawfully be consolidated. By competing lines I mean lines which in general serve the same producing points, or ports, and the same markets. A conspicuous instance of this is the Great Northern and the Northern Pacific which are to be consolidated under this plan. These lines extend from the Twin Cities and from Lake Superior ports on the east to Puget Sound ports on the west. They parallel each other for their entire length of more than 1,800 miles. They serve jointly the same ports, the same grain fields, the same mines, the same forests, and such important intermediate cities as Spokane, Wash., Butte, Helena, and Billings, Mont., Fargo and Grand Forks, N. Dak., and a multitude of smaller communities at all of which each railroad is, as both have testified, the other's most active competitor. Other instances are the Erie and the Nickel Plate which parallel and compete with each other from Chicago to Buffalo, and the Delaware, Lackawanna & Western and the Erie which parallel and compete with each other in the territory east of Buffalo. None of these are weak lines and no reason exists for their consolidation except to create bigger systems.

Maintaining existing routes and channels of trade is the second major requirement. Any consolidation necessarily, to a certain extent, closes some routes but some of the consolidations here proposed will close innumerable routes. The law gives each carrier the right to the long haul. For many years this has been construed as applying only to traffic in possession of a carrier. The Supreme Court in the *Subiaco Case*, 278 U. S. 269, broadens this construction and makes it apply to all routes which short haul a carrier. Under this construction some of the consolidations here proposed will result in the circuitous hauling of traffic to an extent that will probably offset all of the benefits which might otherwise result.

The act also provides that—

> systems shall be so arranged that the cost of transportation as between competitive systems and as related to the values of the properties through which the service is rendered shall be the same, so far as practicable, so that these systems

> can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties.

I do not understand that this provision of the act means that the systems must be equal with respect to either mileage or value. The requirement that the systems should be able under uniform rates to earn substantially the same rate of return indicates that Congress was primarily interested in the net rather than the gross earnings of the properties. This is further proven by the inclusion of "efficient management" in the provision relating to the rate of return. No other single factor will do as much to promote public welfare as intensive and efficient management, close enough to the public to understand the needs of the shippers in the territory served and to be readily reached to adjust complaints and to give intelligent and sympathetic consideration to suggestions for the betterment of the service, and close enough to the employees to have intimate knowledge of their working conditions and to command their respect and insure their hearty cooperation. It will be extremely difficult, if not impossible, to extend such management over some of the systems which we here propose.

I go along with this plan, therefore, only because it will cut the Gordian knot and permit helpful consolidations and not because I expect economy and efficiency of operation to be promoted by the gigantic systems here proposed.

TAYLOR, *Commissioner*, concurring in part:

From my viewpoint it is clear that the requirements of Congress, as expressed in the act, that—

> The Commission shall as soon as practicable prepare and adopt a plan for the consolidation of the railway properties of the continental United States into a limited number of systems * * *. (Sec. 5, par.4.)
>
> When the Commission has agreed upon a tentative plan, it shall give the same publicity and upon reasonable notice, * * * shall hear all persons who may file or present objections thereto. * * * After the hearings are at an end, the Commission shall adopt a plan for such consolidation and publish the same; * * * (Sec. 5, par. 5.)

were of such a mandatory character that compliance therewith could be neither avoided nor indefinitely delayed.

I am equally certain that the instructions given to the commission for its guidance in the preparation and adoption of a plan for the consolidation of the railway properties into a limited number of systems, that—

> competition shall be preserved as fully as possible and wherever practicable the existing routes and channels of trade and commerce shall be maintained. * * * (Sec. 5, par. 4.)

were not idle words, but were intended to mean, in their full import, exactly what their terms implied.

Also, that the directions to the commission that—

> Subject to the foregoing requirements, the several systems shall be so arranged that the cost of transportation as between competitive systems and as related to the values of the properties through which the service is rendered shall be the same, so far as practicable, so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rates of return upon the value of their respective railway properties. (Sec. 5, par. 4.)

while secondary to the prime directions as to the preservation of competition and of the existing routes and channels of trade and commerce, were meant to guide the commission in formulating the plan which it was instructed to adopt. It is clear that it was the purpose of Congress to provide an adequate system of rail transportation for the entire country. With this purpose in view, I do not believe that Congress, in imposing this tremendous duty upon the commission, intended it to be merely an idle gesture, to become effective only upon the voluntary action of the carriers, because the law provides that even after the adoption of the plan:

> It (the commission) may at any time thereafter, upon its own motion or upon application, reopen the subject for such changes or modifications as in its judgment will promote the public interest.

Thus the commission is authorized to change or modify the plan if, in its judgment, that is desirable.

Whether the commission has been given the power by order to require such groupings or consolidations as it may find to be in the public interest, I believe that question is answered in the affirmative by the following language found in paragraph (8) of Sec. 5 of the act:

> The carriers affected by any order made under the foregoing provisions of this section and any corporation organized to effect a consolidation approved and authorized in such order shall be, and they are hereby, relieved from the operation of the "antitrust laws," as designated in section 1 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, in so far as may be necessary to enable them to do anything authorized or required by any order made under and pursuant to the foregoing provisions of this section.

This provision, which, in effect, gives the commission the power to render inoperative State and Federal laws, was to enable the railroads—

> to do anything authorized or required by any order made under and pursuant to the foregoing provisions of this section.

This certainly was intended, as I view it, to empower the commission to make effective its order as to any grouping or consolidation which it might authorize *or require*.

It has been demonstrated that the extraordinary and comprehensive power which renders inoperative certain State and Federal laws is sufficient to enable this commission in effect to annul a decision of the Supreme Court of the United States. *Control of Central Pacific by Southern Pacific*, 76 I. C. C. 508.

In addition, Section 15 a, par. (2), provides:

> In the exercise of its power to prescribe just and reasonable rates the commission shall initiate, modify, establish, or adjust such rates so that carriers as a whole (or as a whole in each of such rate groups or territories as the commission may from time to time designate) will, under honest, efficient, and economical management and reasonable expenditures for maintenance of way, structures, and equipment, earn an aggregate annual net railway operating income equal, as nearly as may be, to a fair return upon the aggregate value of the railway property of such carriers held for and used in the service of transportation.

With such powers vested in the Interstate Commerce Commission, can anyone successfully argue that they may be used only for the purpose of authorizing a consolidation which has been voluntarily agreed upon by the carriers, or to prevent a consolidation which the commission disapproves, but not for the purpose of requiring a consolidation which the commission may determine to be in the public interest and necessary to the preservation of competition and the maintenance of existing channels of trade and commerce? Such an assumption is contrary to the rule of reason.

As the proposed plan is a long step in the direction of complying with the mandate of Congress, although it contains groupings which, no doubt, will be rearranged upon further consideration, I approve of it in the main. I disagree with the conclusions in so far as approval is given to the consolidation of the Northern Pacific and the Great Northern. Consolidation of these two properties was attempted in 1893, in 1896, and in 1901. The Supreme Court of the United States determined that they were competitive lines; that by their consolidation competition would be destroyed; and that the consolidation was therefore contrary to law. Among many reasons set up by the Court for declining to approve of this consolidation, it said:

> The consolidation of these two great corporations will unavoidably result in giving to the defendant a monopoly of all traffic in the northern half of the State of Minnesota, as well as of all transcontinental traffic north of the line of the Union Pacific, against which public regulations will be but a feeble protection. (*Pearsall* v. *Great Northern Railway*, 161 U. S. 646.)

In the light of this conclusion of the Supreme Court, and the facts before us, I do not believe that the consolidation of the Northern Pacific and the Great Northern will be in the public interest, nor that

the requirements of law that competition shall be preserved as fully as possible and that the existing routes and channels of trade and commerce shall be maintained have been met. Until these facts are definitely established, and in my view they have not been, the commission's power to, in effect, suspend the operation of the antitrust laws, which the Supreme Court has found would be violated by this consolidation, has not fully matured.

PORTER, *Commissioner*, concurring in part:

Congress has declared a policy for the Nation in respect to the consolidation of railroads, and has issued an edict as to the manner in which it shall be carried out. *U. S. Code Title 49, Sec. 5.* Irrespective of what I may think as to the wisdom of this policy and the method of its execution, I conceive it to be my duty, to execute in letter and in spirit, the mandate as promulgated.

In any consideration of this subject, it is well to have clearly in mind the few principles that have been laid down.

The first requirement is that we shall prepare and adopt a plan for the consolidation of the railway properties "into a limited number of systems."

Second, that in the division into such systems "competition shall be preserved as fully as possible."

Third, "wherever practicable, the existing routes and channels of trade and commerce shall be maintained."

Fourth, and the most important, the several systems "shall be so arranged that the cost of transportation as between competitive systems and as related to the values of the properties * * * shall be the same, so far as practicable, so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management, earn substantially the same rate of return."

The foregoing principles are clear, explicit and easy of comprehension. They constitute the fundamental basis upon which all consolidations are to be built. A consideration of them and their application as made by the majority in New England, Official Territory, and in one instance in the West, impels me to dissent in those particulars.

NEW ENGLAND

In complying with the foregoing requirement of the law, that the railroads be consolidated into a "limited number of systems," we have, in the great empire stretching 2,000 miles from the Mississippi to the Pacific and 1,500 miles from Canada to the Rio Grande, designated ten systems ranging from 7,000 to 17,000 miles of railroad. In official territory, reaching from the Mississippi to the Hudson and

from the Great Lakes to the Ohio, and embracing that part of the United States which affords the greatest volume of traffic of any region, we have created five systems, of from 7,000 to 12,000 miles of railroad. In the South, including the territory from the Ohio to the Gulf and from the Mississippi to the Atlantic, we have created three systems, fairly comparable in size with those in the other parts of the country. But when it comes to New England, far smaller than any one of the three grand divisions of the country here referred to, we have created five separate systems ranging from 400 to 4,500 miles. This is not, in my judgment, viewed in the light of what we have done in other parts of the country, a compliance with the very first requirement of the law—that the railroads be consolidated into a limited number of systems.

We have many times recognized the peculiar transportation difficulties of the New England lines. The *New England Investigation* 27 I. C. C. 560; *Financial Investigation of New York, New Haven & Hartford R. R. Co.*, 31 I. C. C. 32; *Proposed Increases in New England*, 49 I. C. C. 421; *Ex Parte* 74, 58 I. C. C. 220; *New England Divisions* 66, I. C. C. 196. In *New England Divisions supra* at page 199 we said:

> They "perform their part of the interchange service under less favorable conditions than their connections west of the Hudson River. They are terminal lines; their hauls are short; their traffic splits at frequent junction points and is diffused over many secondary and branch lines; their train loads are necessarily relatively light; the density of their freight traffic is relatively low; and while their investment per mile of road is low, their investment per revenue ton mile is relatively high. Moreover, no coal mines are located on their rails, and fuel any many other supplies must be brought from considerable distances."

The New England railroads with all these and many other difficulties have a mutuality of interest. Their interests are closely interwoven with one another by historical, financial, commercial, and geographical considerations. We should spare no effort to place them in a position where they may be aided in overcoming their difficulties and in maintaining an edaquate system of transportation to serve the public in their section.

I am convinced that this can best be accomplished by the unification of all the rail lines of New England into a single comprehensive system. This, in the past, seems to have met with the approval of a majority of the members of a committee appointed by the governors of the six States. It was advocated at the hearings, and is now advocated, by leading railway executives experienced in the management of railroad properties, and was favorably commented upon by Professor Ripley in his very learned treatise of the situation, appearing in *63 I. C. C.*, pages 517 to 525.

The group plan therein discussed by Professor Ripley omitted from the group the Boston & Albany and the Grand Trunk Lines, but every argument advanced by him applies with equal force to a complete New England system. Among the reasons mentioned were the following: The preservation of the existing freedom of interchange with connections from every part of the country; the continued benefit to New England of the rivalry of the carriers from the West and South in the exchange traffic at the different gateways; the advantage of a consolidated power in dealing with the trunk lines as to divisions of through rates; the preservation of entirely open connections by sea; and the aid provided by such a plan in solving the important problem of a constant supply of fuel at reasonable rates throughout the entire territory.

In the past, every trunk line has had access equally with every other trunk line to the New England gateways. By the eight gateways the railways of the South and West have had free access, and all of New England have, in consequence, enjoyed the rivalry of these different carriers in the disposal of their products. This would be assured for the future by a single system in New England, interested alike at all the gateways. The divisions of through rates accorded to the New England lines has been before this Commission on numerous occasions. Scarcely anything can be imagined which will contribute more to bring about and maintain a fair and just division of through rates, than the knowledge on the part of the trunk lines of the power lodged in a single carrier controlling all the traffic of New England and able to divert it through any of its several gateways. No other portion of our country is so vitally interested in the preservation of entirely open connections by sea, particularly as concerns the coastwise situation, owing to the large proportion of its population that lives within a comparatively short distance of the seacoast. The maintenance of a just relationship of rates—all rail rates to the West or South, and rates by rail East out to tide, then on by water—which keep open the coastwise routes, is a matter of deep concern to entire New England. A system of railways interested particularly in the Port of Boston could do much to aid in its prosperity.

The principal objection that seems to be urged to a single system for New England is that it fails to comply with the second requirement of the statute, heretofore mentioned, that competition shall be preserved as fully as possible. It will be observed that the statute does not require the creation or development of competition where little, if any, has existed. It requires only the preservation of existing competition, where possible. Congress recognized that in the process

of consolidation, competition existing between the units brought together to form the larger system would be obliterated, but that so far as possible competition should be preserved between the resulting larger systems. The record demonstrates quite clearly that there is very little competition within New England at present between the various lines. The competition between the two principal systems, the New Haven and the Boston & Maine, within New England, is not worth considering. Direct rail competition within the territory is limited to comparatively few points, and, since two-thirds of its freight tonnage is interchange business at the regional frontiers, competition in railroad service for New England depends more on its relation to the outside trunk lines than on the existence of separate New England carriers. Then, too, in considering the question of competition, it should be borne in mind that the recent rapid development of truck service is an ever present power constantly exerting itself, which precludes the possibility of the presence of those difficulties and abuses that usually accompany a monopolistic situation.

At the hearings all agreed that there were opportunities for economies in operating the 8,000 miles of New England road as a unit. All agreed further that the real competition of New England business arises at the Hudson River and Canadian gateways. It is this competition which New England is zealous to preserve.

A complete New England consolidation presents no operating difficulties of magnitude since its road mileage would be only about 8,000 miles and its geography would be most compact. The executives in charge of such a system located at some central point such as Boston, could reach any part of it in a comparatively few hours. They could maintain close contact with their principal employees and the public, this contact being essential to efficient management and service. These reasons and many others that might be mentioned, compel me to favor a complete New England system embracing all the rail mileage within its limits; a system owned and managed by New England, and for New England. Below are shown the lines comprising such a system, together with the mileage involved, the valuation as of December 31, 1928, the rail operating revenues, the net rail operating income, and the rate of return.

New England system, December 31, 1928

Name of road	Average mileage operated	Valuation to Dec. 31, 1928	Railway operating revenues	Net railway operating income	Rate of return
					Per cent
New York, New Haven & Hartford	2,148.97	$487,291,963	$137,633,053	$29,238,404	6.00
Bangor & Aroostook	614.23	28,186,503	7,199,222	1,899,190	6.74
Maine Central	1,122.33	73,372,227	19,301,899	2,704,327	3.69
Atlantic & St. Lawrence	166.78	11,551,962	2,532,219	[1] 988,351	-------
Central Vermont	404.02	32,061,476	7,603,825	1,281,954	4.00
Rutland	413.01	24,098,103	6,626,282	940,883	3.90
Boston & Maine	2,083.30	279,511,348	76,624,238	12,802,969	4.58
Boston & Albany [2]	-------	-------	-------	-------	-------
Lehigh & Hudson River	96.60	5,482,960	2,822,847	522,024	9.52
Lehigh & New England	216.67	14,031,062	5,392,412	1,211,313	8.63
New York Connecting	20.50	24,776,096	2,857,741	1,068,920	4.31
Wilkes-Barre Connecting	6.66	1,511,817	-------	150,230	9.94
Belfast & Moosehead Lake	33.07	1,036,787	159,667	5,173	.50
Sandy River & Rangely Lakes	65.07	1,358,795	189,562	[1] 13,485	-------
Barre & Chelsea	21.48	[3] 507,330	241,256	78,941	15.38
Clarendon & Pittsford	20.28	505,787	175,059	6,786	1.34
Montpelier & Wells River	43.50	2,142,933	490,880	35,667	1.66
St. Johnsbury & Lake Champlain	96.20	3,150,552	524,014	117,083	3.72
Bridgton & Saco River	21.23	348,809	51,829	453	.13
Kennebec Central	5.00	67,466	16,782	[1] 1,538	-------
Knox R. R. Co	8.00	[3] 173,853	23,912	[1] 533	-------
Lewiston & Auburn	5.43	389,052	16,730	[1] 65,082	-------
Monson R. R	8.16	62,651	20,430	3,058	4.88
Wiscasset, Waterville & Farmington	43.50	473,758	61,085	[1] 1,106	-------
Suncook Valley	22.12	368,526	64,008	[1] 4,324	-------
Bristol R. R. Co	6.14	110,981	56,372	1,672	1.51
Hardwick & Woodbury	10.50	201,944	28,627	[1] 3,015	-------
Hoosac Tunnel & Wilmington	24.00	537,315	46,921	[1] 12,874	-------
White River R. R. Co	17.44	421,643	11,254	[1] 73,895	-------
Woodstock Ry. Co	13.88	495,364	59,533	[1] 9,447	-------
Vermont & Province Line	10.01	109,387	33,723	[1] 37,389	-------
Moshassuck Valley R. R. Co	2.23	227,982	41,659	[1] 6,328	-------
Narragansett Pier R. R. Co	8.03	364,759	103,758	315	.09
Wood River Branch	5.62	96,405	14,237	[1] 309	-------
South Manchester	1.94	174,063	43,423	861	.49
Total	7,785.90	995,201,659	271,068,459	50,850,845	5.11

[1] Denotes red.
[2] Lessor company; included in New York Central.
[3] Represents book value.

One other feature of the majority's treatment of the properties in the New England region that seems of serious consequence is the allocation of the Delaware and Hudson to the same system as the Boston and Maine and other New England carriers. The great object which the New England shippers have always sought to obtain is freedom to route their traffic via any of the numerous gateways to the north and west of the New England region. Thus those served by the Boston and Maine can route their traffic via the Canadian gateways or reach the trunk lines west of the Hudson River by means of the connection between the Boston and Maine and Delaware and Hudson at Mechanicville and with the New York Central at Rotterdam Junction. On account of the divisions the attitude of the Boston and Maine, for instance, would be more or less neutral as to whether the traffic was delivered to the New York Central or to the Delaware and Hudson. Inclusion of the Delaware and Hudson in the same system as the Boston and Maine would seem to at once raise a conflict of interest

between the enlarged system and its shippers because obviously the system would insist on the long haul which would embrace substantially the entire length of the Delaware and Hudson, thus eliminating to a large extent the very important connection with the New York Central system at Rotterdam Junction, and to a lesser extent the interchange with the Canadian lines at northern New England junctions except where the routing via those junctions may be influenced by differential rates. The interchange of the Boston and Maine with the New York Central system at Rotterdam Junction amounts to several hundred thousand cars yearly and is as fully important as is the Boston and Maine's interchange with the Delaware and Hudson at Mechanicville. It seems to me that the greatest freedom in competition would be obtained by including the Delaware and Hudson in a system west of the Hudson River, or by having it controlled in the joint interest of all the systems west of the river.

OFFICIAL TERRITORY

In Official Territory, "it is a condition and not a theory that confronts us." There is in this region one paramount carrier. It advertises to the world, free from contradiction, that it carries more passengers and more tons of freight than any railroad in America. I refer to the Pennsylvania System. There is in the same territory a very close second to the Pennsylvania System, so close that many regard it as fairly equal in every way. I refer to the New York Central System. These two great, aggressive, and powerful transportation machines, each efficiently and honestly managed, are actively competing one with the other, and striving to serve the public with zeal and fidelity. There are approximately 58,000 miles of railroad in Official Territory, nearly one-half of which are owned or controlled by these companies. They control an even greater proportion of the desirable mileage. We can not assume, in dealing with this territory, as we can in the South or West, that more mileage may be constructed in the near future for a much more static condition exists.

I realize that it is said that mileage and competitive strength are not synonomous; that there are comparatively short lines which in net earnings and in operating ratios make a better showing than some of the larger systems. Yet I wonder, for instance, what would happen to the Delaware, Lackawanna & Western, one of the comparatively short and strong lines, if all of its neighbors and particularly those upon which it depends for receiving traffic from the West were permitted to combine into single systems with through lines from the Middle West to the Atlantic seaboard. I can well imagine those in charge of that property would at once claim that if all of their neighbors and principal traffic feeders be permitted to combine, they, too,

would want to be affiliated with some system equal in strength to their neighbors. It must be conceded, however, that if the policy of consolidation is to prevail as outlined by Congress, in order for any one system to have strength comparable with another, it must have sufficient mileage to reach as many of the principal sources of traffic as possible, and have sufficient mileage to deliver that traffic at important places of ultimate destination.

Aside from the matter of mileage, the present predominant strength of the two systems above mentioned is clearly indicated by other facts. The gross revenues for the first six months of 1929 of the two systems were more than $20,000,000 in excess of that of all other eastern roads, and their net railway operating income was $2,000,000 more for the same period. The Pennsylvania and the New York Central systems earned last year (1928), 52.6 per cent of the revenues of all Class I railroads in Eastern Territory, excluding the Pocahontas Lines and all the New England roads, except the Boston & Albany. Whatever additional systems might be set up in this territory would thus have only 47.4 per cent of the revenues remaining to be divided among them. Including the Pocahontas Lines, the Pennsylvania and the New York Central have 47.8 per cent of the revenues. If the Norfolk & Western be added to the Pennsylvania and nothing to the New York Central, the two systems would have 51.7 per cent of the total, including the Pocahontas Lines. The strategic location and desirability of the lines of these two major systems are indicated by the fact that their percentage of either the total gross or net operating incomes as compared with the total gross or net incomes of all other Officicial Territory roads, is nearly 10 per cent greater than their percentage of the total miles of road in Official Territory. Tests other than mileage and revenue will show practically similar relationships of the foregoing systems to the entire official territory group of carriers.

As has been indicated, there are in this district, outside of the lines owned by the two major systems described, approximately 33,000 miles of railroad. This mileage is divided among approximately 25 fairly important lines. Of these lines, if the so-called Chesapeake & Ohio–Nickel Plate Lines are entitled in any sense to be regarded as a system, they, and the Baltimore & Ohio Railroad, are the two most important existing systems.

What has been said briefly but correctly portrays the existing railway situation in this section of the country. The problem confronting us is, how shall these actualities be met in determining upon a plan of consolidation in this territory, in conformity with the clear mandate of Congress?

It should be stated at the very outset that at the time of the passage of the law providing for consolidation of the railroads,

there were in existence a number of large railway systems. There was no indication given in the law that it was the desire of Congress that unification of the roads be brought about by the dismemberment of any of these large systems. It would seem apparent, on the other hand, that consolidation be consummated by a unification of those lines not already members of a dominant system so that the new or strengthened systems would be fairly comparable in competitive strength and earning power with each other and with the larger systems.

Upon the face of the situation, is it not manifest that the real solution is to bring together the railways in this territory, outside of the two prominent systems, in such a manner that the resulting systems will be as nearly equal as possible to the existing two major systems? It would appear possible of almost mathematical demonstration that the greater the number of systems created from the 33,000 miles of road—and much of it less desirable mileage—the relatively weaker will be the individual units thus created.

The majority propose to meet this problem by the creation of three systems in addition to the Pennsylvania and the New York Central. They would add some to the strength of the Baltimore & Ohio System, and both add to and take from the Chesapeake & Ohio–Nickel Plate System. At the same time, they would attempt to set up a comparatively new third system, commonly referred to as the Wabash.

A preliminary glance at the new third system is rather significant. The majority would start it on the bank of the Missouri River at Kansas City and Omaha, then by way of the Wabash, through St. Louis to Chicago, Detroit, Toledo, and Buffalo, and then on the one hand by the Lehigh Valley Railroad, and on the other by the Wheeling & Lake Erie, Pittsburgh & West Virginia and the Western Maryland, to the Atlantic seaboard. They would also proceed from Chicago by way of the Chesapeake & Ohio of Indiana and the Norfolk & Western to a third port on the Atlantic. Then continuing southward along the Atlantic Ocean and the Gulf coast by means of the Seaboard Air Line they would bring their fifth system to the cities of Montgomery and Birmingham, Ala. I do not quite understand why, in their spirit of generosity, they did not add to this the line of the Frisco from Birmingham to Kansas City, and thus create a system which would completely encircle the entire eastern half of the United States. The very geographical extent and character of the proposed system is sufficient to demonstrate its impracticability.

A more important consideration of the proposed fifth system in the East is its constituent elements. It would be, in truth and in fact, a second Pennsylvania System. It is a matter of common

knowledge that the Pennsylvania directly and indirectly owns or controls a majority of the capital stock of the Wabash, the constituent parent company of the proposed system. It is likewise generally known that the Pennsylvania owns a substantial, if not a controlling interest in the Lehigh Valley Railroad. It is also known that the Pennsylvania owns and controls the major portion of the capital stock of the Norfolk & Western, a road absolutely necessary to the fifth system, by reason of its strong financial position. The Pennsylvania has declared that it will not part with its ownership or control of these important and necessary elements of the proposed system until they are compelled, if ever, anywhere short of the last legal ditch. Even if litigation now pending, together with the additional litigation necessary before this system can be formed, were finally successful, it will be many years before the roads forming the nucleus of this system can be unified. This unnecessarily further complicates and postpones for years the final settlement of the situation as concerns this territory. From what has been said in reference to the present strength of the New York Central and Pennsylvania systems, and with the latter system still further strengthened by the additional system here proposed to be set up, so that that system will have two out of the five, it will inevitably result in a further weakening of any remaining lines. Evidently, the majority are strong believers in the biblical suggestion "For whosoever hath, to him shall be given, and he shall have more abundance; but whosoever hath not shall be taken away even that he hath."

The systems we are primarily concerned with here are what are termed or generally spoken of as official territory systems. The majority propose systems almost wholly within this region, other than the new Wabash system, varying in mileage from approximately 10,000 to 12,000 miles. The proposed Wabash system would have less than 6,000 miles of road in official territory. If we add to that the 2,000 miles of the Norfolk & Western, as included in this region, it then makes a system of less than 8,000 miles as compared with the others of far greater mileage. By adding the Seaboard Air Line, which operates in a territory wholly foreign to the one in which the other systems would be operating, we have a system of approximately 11,500 miles.

The operating revenues of the Pennsylvania system are $704,000,000 or $61,286 per mile of road, and of the present New York Central system, $610,000,000 or $50,195 per mile of road. The present operating revenues of the lines forming the proposed Wabash system in official territory are $208,000,000 or $32,050 per mile of road. If we add to this the Norfolk & Western, it would increase the total

to $315,000,000 and $35,948 per mile of road, but still much less in comparison than that of the Pennsylvania or the New York Central systems. The Seaboard added to these would make $372,000,000 or $28,103 per mile of road. It takes about five miles of the Seaboard to earn as much as one mile of the Pennsylvania. Of the major lines comprising the majority's proposed fifth system, the Wabash and the Lehigh Valley earn $143,000,000 or nearly 69 per cent of the total. After all, it seems quite obvious that so far as official territory particularly is concerned, this proposed system would prove at best to be severely handicapped in its efforts to thrive under all conditions and circumstances upon the same level of rates as can systems like the Pennsylvania and the New York Central.

If time and space permitted, it could be demonstrated that the other two systems of official territory, the Baltimore & Ohio and the Chesapeake & Ohio-Nickel Plate systems, would in like manner be relatively weak from a transportation standpoint as compared with the two major systems, and thus likewise handicapped in their ability to efficiently serve the public and prosper under a common level of rates. The sum total of the situation simply is that there are not enough railroads for more than two additional, reasonably adequate systems, that can be created out of the mileage not actually owned by the Pennsylvania and New York Central. It should be further observed that present routes, facilities, service, and competition being adequate, there is no substantial reason why any attempt should be made to build up more than two additional systems. A third, one, as is here proposed to be formed out of this remaining mileage, will inevitably be formed at the expense of the other two and all three will be inadequate in comparison with the two existing dominant systems.

Much more might be stated in demonstration of the error of attempting to build up what is commonly termed a "fifth system" in Official Territory. Enough has been said, however, to indicate some of the fundamental weaknesses of such a scheme and which may serve to call to the mind of anyone interested, the many others possible of mention. Any unbiased mind must be impressed with the absolute futility of the allocation as proposed by the majority.

In the discussion of the question, I have not included in my consideration the so-called short or weak lines. While the short lines as allocated add somewhat to the total mileage of the various systems, they are in a great many instances sources of weakness rather than strength. In fact, one of the good results expected to be accomplished by consolidation is that the strong roads will carry the weak ones and on the whole be able to maintain an adequate system of transportation at the lowest possible level of rates. It is the well maintained

Class I roads that must form the backbone of any successful railway system.

Having indicated what I regard as the existing situation, the problem confronting us arising therefrom, and the reasons underlying my inability to agree with the solution adopted by the majority, I feel constrained to briefly set forth what I regard as the only proper method of arriving at a solution of the question in harmony with both the letter and spirit of the plain direction of Congress. All will agree that we should deal with the matter in a practical way. Under the provisions of the law, the actual consolidation of the railroads must proceed on a voluntary basis. It follows, therefore, if this is to be accomplished, the proposed consolidation must be sufficiently advantageous as to afford an incentive to the carriers to go forward, subject always to the limitation that nothing be permitted which is not in the public interest. As much as we might desire a more perfect answer than under existing circumstances we can find, we must accept things as they are, and make the best adjustment possible that affords a reasonable probability of attainment. As has been already indicated, we can not be expected to dismember to any great extent well articulated systems that are now functioning. We have to accept the Pennsylvania and the New York Central as permanent institutions. The question is then, what shall we do with the 33,000 miles not parts of those carriers? Keeping in mind the fundamental requirements imposed by the law that the results of our work must be systems fairly equal in competitive strength and earning power under a common level of rates, I can see but one answer—two other systems, or four in all.

The President, in his message to the second session of the Seventy-first Congress, on December 23, 1929, admirably expressed the results to be obtained if the directions of Congress are wisely carried out:

> The chief purpose of consolidation is to secure well balanced systems with more uniform and satisfactory rate structure, a more stable financial structure, more equitable distribution of traffic, greater efficiency, and single line instead of multiple line hauls. In this way the country will have the assurance of better service and ultimately at lower and more even rates than would otherwise be attained.

Using the words of the President, "well balanced systems" means, in my judgment, four and not five systems. The present New York Central and Pennsylvania systems ramify through most of this region. Both touch each other at all points west of the Buffalo–Pittsburgh Line. One is prominent in the State of New York, the other in Pennsylvania. The Baltimore & Ohio is the next largest system with intensive development in Ohio, West Virginia and around the Pitts-

burgh District. The building up of systems from the remaining mileage, to compete effectively in all respects with the two larger systems can, in my judgment, be accomplished best by adding strength to the Baltimore & Ohio and fashioning the other lines into the fourth system. There is now a basis for the fourth system—what may be called the Chesapeake & Ohio—Nickel Plate system. The indisputable fact is that even then no effort can place these systems on an equal basis with the New York Central in New York and Lower Michigan or the Pennsylvania in the Pittsburgh District. The four systems will, however, meet the requirements of the law and contribute much to bring about the the desirable results mentioned by the President.

Another distinct advantage of this proposal over the fifth party plan is that it is practical, not theoretical. It has the possibility of early accomplishment. It need not wait the outcome of lengthy and vexatious litigation. People now in being may reasonably hope to live to see its realization.

The lines comprising such a four party plan, together with the mileage involved, the valuation as of December 31, 1928, the rail operating revenues, the net rail operating income and the rate of return are set out below, and I invite a study of the advantage of this plan as proposed in the firm belief that it comes as nearly complying with the statute and as likely to produce what may be expected from well-balanced systems, as any that may be suggested.

New York Central System, year ended Dec. 31, 1928

The N. Y. Central R. R. Co., together with all of its general recognized subsidiaries, except the Boston & Albany

Name of road	Average mileage operated	Valuation to Dec. 31, 1928	Railway operating revenues	Net railway operating income	Rate of return
					Per cent
New York Central R. R. Co.[1]	6,911.27	[2]$1,403,505,979	$381,733,244	$62,222,122	4.43
Cleveland, Cincinnati, Chicago & St. Louis	2,397.25	270,144,323	88,830,152	15,622,538	5.78
Cincinnati Northern	244.23	[2] 9,147,903	4,061,793	670,291	7.33
Evansville, Indianapolis & Terre Haute	146.35	[2] 4,723,291	1,764,688	*495	-------
Fulton Chain	2.21	73,771	1,870	*1,842	-------
Michigan Central	1,858.42	[2] 205,719,485	93,217,493	23,155,967	11.26
Chicago, Kalamazoo & Saginaw	45.91	1,623,019	562,239	206,071	12.70
Pittsburgh & Lake Erie	231.27	[2] 116,650,491	31,406,816	7,770,829	6.66
Raquette Lake	21.20	376,323	42,729	*53,959	-------
New York, Ontario & Western	569.49	[2] 96,341,314	12,650,717	913,577	.95
Virginian	545.16	[2] 150,243,412	18,480,118	7,096,053	4.72
Lehigh Valley	1,363.68	[2] 258,929,839	71,935,071	12,315,126	4.76
Ulster-Delaware	128.88	6,633,647	1,172,434	64,098	.97
Wood River Branch	5.62	[2] 112,518	14,237	*309	-------
Total	14,470.94	2,524,225,315	705,873,601	129,980,067	5.14

[1] Includes data of Boston & Albany R. R.
[2] Represents book value.
* Denotes red.

Pennsylvania system, year ended December 31, 1928

The Pennsylvania R. R. Co., together with all of its generally recognized subsidiaries, including the following:

Name of road	Average mileage operated	Valuation to Dec. 31, 1928	Railway operating revenues	Net railway operating income	Rate of return
					Per cent
Pennsylvania	10,466.72	[1] $2,297,372,581	$650,567,316	$117,297,686	5.11
Norfolk & Western	2,241.46	[1] 427,907,271	106,947,111	34,204,058	7.99
Baltimore & Eastern	46.52	[1] 740,683	82,587	81,320*	-------
Long Island	404.11	[1] 131,747,689	40,532,572	7,542,459	5.72
Ohio River & Western	51.34	1,208,071	116,043	69,417*	-------
Pennsylvania & Atlantic	59.97	1,863,673	357,003	*206,347	-------
Philadelphia & Beach Haven	12.11	261,276	49,593	*7,694	-------
Rosslyn Connecting	3.14	429,238	67,300	23,999	7.29
Waynesburg & Washington	28.19	847,205	60,182	*55,881	-------
West Jersey & Seashore	370.59	[1] 30,729,073	10,484,098	970,614	3.16
Western Allegheny	47.89	2,207,820	429,522	16,796	0.76
Chicago & Alton (East of Mexico, Mo.) (4/5)	822.79	73,974,246	22,832,278	2,200,698	2.97
Big Sandy & Cumberland R. R. Co	32.76	761,620	93,237	*45,761	-------
Toledo, Peoria & Western	239.42	7,551,901	2,179,189	308,748	4.09
Total	14,827.01	2,977,532,347	834,798,031	162,098,638	5.44

[1] Represents book value. * Denotes red.

Baltimore & Ohio system year ended Dec. 31, 1928

The Baltimore & Ohio R. R. Co., together with all of its generally recognized subsidiaries, including the following:

Name of road	Average mileage operated	Valuation to Dec. 31, 1928	Railway operating revenues	Net railway operating income	Rate of return, per cent
Baltimore & Ohio	5,637.69	[2] $883,842,043	$236,818,681	$49,387,716	5.59
Dayton & Union	46.99	[2] 632,055	111,603	*46,235	-------
Cincinnati, Indianapolis & Western [2]					
Reading Company	1,140.76	260,481,645	89,940,033	17,098,849	6.56
Atlantic City	162.79	[2] 15,458,727	3,732,785	*721,387	-------
Catasauqua & Fogelsville	31.47	[2] 1,141,013	646,356	290,640	25.47
Central R. R. Co. of New Jersey	690.52	178,050,932	58,002,057	9,385,057	5.27
New York & Long Branch	(1)	[2] 6,996,165	(1)	248,182	3.55
Gettysburg & Harrisburg	41.60	[2] 1,499,683	490,523	8,165	.54
North East Pennsylvania	25.61	[2] 939,185	205,405	*84,269	-------
Perkiomen	41.81	[2] 3,897,023	1,300,485	314,497	8.07
Philadelphia & Chester Valley	23.96	[2] 1,242,533	119,665	11,038	.89
Philadelphia, Newtown & New York	22.14	[2] 4,046,242	422,937	90,072	2.23
Pickering Valley	11.21	[2] 541,290	14,422	*33,977	-------
Port Reading	19.95	[2] 5,464,276	2,365,220	76,456	1.40
Reading & Columbia	66.02	[2] 3,081,616	773,835	*52,858	-------
Stony Creek	10.23	[2] 581,395	135,777	58,180	10.01
Williams Valley	11.08	[2] 263,392	40,230	*39,843	-------
Staten Island Rapid Transit	23.54	[2] 12,569,271	3,127,661	349,650	2.78
Chicago, Indianapolis & Louisville	648.09	[2] 51,903,910	18,381,006	2,696,938	5.20
Wabash (east of Mississippi River) (5/6)	1,682.80	[2] 188,048,915	47,381,994	7,906,693	4.24
Ann Arbor	260.86	[2] 22,920,564	5,965,673	935,312	4.08
Manistique & Lake Superior R. R. Co.	38.47	[2] 1,492,242	127,784	3,576	.24
Detroit, Toledo & Ironton	495.70	[2] 47,724,336	11,107,836	2,635,598	5.52
Buffalo, Rochester & Pittsburgh	601.97	[2] 72,033,704	16,966,504	2,787,638	3.87
New Jersey, Indiana & Illinois R. R. Co	11.32	[2] 1,927,624	439,030	203,208	10.54
Buffalo and Susquehanna	253.54	11,126,642	1,632,983	321,448	2.89
Total	12,033.12	1,777,906,423	500,250,485	93,890,318	5.28

[1] Transportation operations conducted by the Central R. R. Co. of N. J. and the Pennsylvania R. R. Co.
[2] Nonoperating company, included in B. & O.
[3] Represents book value.
*Denotes red.

Chesapeake & Ohio System, year ended Dec. 31, 1928

Name of road	Average mileage operated	Valuation to Dec. 31, 1928	Railway operating revenues	Net railway operating income	Rate of return
					Per cent
Chesapeake & Ohio	2,723.53	$347,958,480	$124,825,172	$36,323,594	10.44
Hocking Valley	345.57	44,921,284	20,801,232	5,624,746	12.52
New York, Chicago & St. Louis	1,690.54	145,902,854	52,876,520	9,556,897	6.55
Pere Marquette	2,244.51	[1] 113,195,907	45,761,568	10,596,357	9.36
Delaware, Lackawanna & Western	995.82	288,597,102	81,135,181	17,119,225	5.93
Erie	2,047.24	326,795,631	110,091,920	18,434,211	5.64
Bessemer & Lake Erie	224.86	[2] 62,432,341	15,794,736	5,207,732	8.34
Wheeling & Lake Erie	511.60	[2] 90,285,348	20,705,664	4,975,836	5.51
Pittsburgh & West Virginia	92.34	[2] 42,054,255	4,473,023	2,218,718	5.28
Western Maryland	862.14	[2] 150,838,765.	18,592,557	5,250,619	3.48
Pittsburg & Shawmut	102.96	[2] 13,402,747	1,883,261	516,712	3.86
Pittsburgh, Shawmut & Northern	198.60	[2] 25,647,875	1,916,609	285,656	1.11
Detroit & Mackinac	306.94	[2] 7,496,412	1,668,743	330,088	4.40
Chicago & Erie	269.56	26,234,344	14,894,622	1,612,949	6.15
New Jersey & New York	45.72	[2] 3,618,343	1,583,383	*248,228	-------
New York, Susquehanna & Western	131.47	[2] 38,902,369	4,957,023	459,551	1.18
Bath & Hammondsport	9.20	130,841	22,629	*3,507	-------
Wilkes-Barre & Eastern	87.04	3,495,434	306,129	28,916	.83
Lorain & West Virginia Ry. Co	25.25	[2] 3,977,372	765,176	151,258	3.80
Total	12,917.89	1,735,887,704	523,045,148	118,441,330	6.82

[1] Does not include 199.04 miles in Canada. [2] Represents book value. * Denotes red.

It will be readily observed that the four-system plan above outlined reveals the following distinct advantages:

First. The important port of New York will be served by the four systems, any one of which will have as complete terminal facilities as it is possible to provide at this time. Two of the systems will have entry to the port of Philadelphia, with a third system, the New York Central, reaching Bethlehem Junction, Pa., a point from which it will be entirely possible for it to enter this important port, as may likewise be true of the Chesapeake & Ohio System. Baltimore, Norfolk, and Washington will each be served by three of the systems. Thus, the most important Atlantic ports in this territory, which are also very large consuming centers, will each be reached by three or all of the four systems.

Second. The largest coal-producing regions of the East, those of Virginia and West Virginia, will be tapped by the four systems, three of which cross this important section on their way from the Ohio River to Hampton Roads and the fourth reaching well into the heart of it from the North.

Third. Each of the systems will ramify throughout the territory and will be in a position to contribute to the widespread distribution of traffic. The important centers and traffic producing points of Pittsburgh, Buffalo, Cleveland, Toledo, Detroit, Columbus, Cincinnati, Indianapolis, Louisville, St. Louis, and Chicago, will be reached by the four systems. Other gateways along the Mississippi and the Ohio will be reached by from one to three of the systems. The list of cities thus reached will readily demonstrate how completely

will be served the large centers of manufacturing, the great sources of fuel and other commodities, the important traffic centers at the lake ports, and the many points of traffic interchange.

Fourth. Mileage, property investment, gross earnings, and net operating income are more nearly equalized than would be at all possible in the case of a larger number of systems.

Fifth. The four systems will have equality of opportunity to serve the public throughout the entire region, to provide adequate facilities, and to make necessary extensions when found within the interest of the public.

Sixth. The four well-balanced systems will provide more effective and actual competition throughout the entire district than any additional number of systems can possibly afford.

WESTERN TERRITORY

Without attempting to discuss the merits, but simply for the purpose of inviting further consideration at the time that consolidation by proper application may be sought to be effectuated, I wish to mention one allocation made by the majority in this territory which I think merits consideration.

Extending across the very heart of the great Western Empire is the financially strong, physically well maintained, and efficiently managed Union Pacific System, with its main line extending from Omaha to Ogden, Utah, and thence by three arms reaching the Pacific Ocean, one of which over its own line to Portland, one over trackage rights to San Francisco, and the third over its own tracks to Los Angeles. We also propose to allow it to acquire an outlet from Kansas City to the Gulf of Mexico. Through this same central portion of the country there is now the Western Pacific from San Francisco to Salt Lake City and the Denver & Rio Grande Western from there to Denver. These two lines in the past have been considered as being far from strong transportation units in any respect. To afford any real competition worthy of the name with the Union Pacific, they must be coupled up with some efficient and powerful transportation company, able to assist them financially and with a large volume of traffic. The majority propose to do this by allocating these two carriers to the Missouri Pacific System. To my mind, the Missouri Pacific System is not in a position to give the strength either financially or in a traffic way to the Western Pacific and the Denver & Rio Grande Western that is necessary to make them capable of effectually competing with the Union Pacific. The Missouri Pacific is essentially a Southwestern System, but recently put together, and not yet established on a basis sufficiently sound to afford the necessary strength to these two Western lines. Furthermore, it does not reach over its own tracks the gateway of Denver.

I am persuaded that the Burlington System, by reason of its splendid physical condition, its conservative capital structure, its strong financial position, and its physical location, affords much the better parent for a new transcontinental line from Chicago to the Pacific. I would, therefore, in addition to what the majority have allocated to the Burlington System, add the Western Pacific and the Denver & Rio Grande Western. With the completion of the Moffat Tunnel and the Dotsero Cut-off, this route has great possibilities, but it will take a very powerful system such as the Burlington to make it effective. I submit the following as my proposed Burlington System in lieu of that proposed by the majority:

VI. Burlington System, year ended Dec. 31, 1928

	Average mileage operated	Valuation to Dec. 31, 1928	Railway operating revenues	Net railway operating income	Rate of return
					Per cent
Chicago, Burlington & Quincy R. R. Co	9,375.44	$610,780,736	$162,891,409	$32,912,367	5.39
Colorado & Southern Ry. Co	1,040.77	43,385,728	12,303,314	1,957,437	4.51
Ft. Worth & Denver City Ry. Co	621.29	32,064,461	11,601,560	3,651,576	11.39
Wichita Valley Ry. Co	271.86	4,421,177	1,752,861	388,558	8.79
Quincy, Omaha & Kansas City R. R. Co	249.75	5,868,209	734,122	* 197,073	-------
Green Bay & Western R. R. Co	234.15	6,554,173	1,797,564	301,535	4.60
Ahnapee & Western Ry. Co	[1] 32.53	1,043,805	202,939	22,179	2.12
Kewaunee, Green Bay & Western R. R.	[1] 35.70	1,602,384	607,551	147,584	9.21
Chicago & Alton R. R. Co. (west of Mexico, Mo.) ⅓ interest	205.70	18,493,562	5,708,069	550,174	2.97
Missouri-Kansas-Texas R. R. Co	1,799.31	107,071,046	35,893,871	10,543,390	9.85
Missouri-Kansas-Texas R. R. Co. of Texas	1,389.23	70,882,694	20,655,247	1,661,082	2.34
Denver and Rio Grande Western Ry. Co	2,557.75	127,252,221	33,200,656	7,094,772	5.58
Denver and Salt Lake Ry. Co	235.87	16,566,366	4,011,663	1,428,412	8.62
Western Pacific R. R. Co	1,050.59	103,769,544	17,594,075	2,581,011	2.49
Total	19,099.94	1,149,756,106	308,954,901	63,437,150	5.52

[1] Book value. *Denotes red.

Confident that the suggestions I have made in this concurrence are worthy of consideration, particularly when applications shall be made, looking to the effectuation of consolidation, I submit that competition will be largely preserved, present routes and channels of trade will be left undisturbed, and that the systems proposed are fairly well balanced in those necessary elements that go to make up an adequate system of transportation.

By the commission.

[SEAL.]

GEORGE B. MCGINTY,
Secretary.

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